Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper | R | Paris, Monday, June 23, 1997 | No. 35,554

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Gary Hershorn/Reuters

President Clinton holding a cowboy hat as he hugged Prime Minister Tony Blair in front of a Denver restaurant.

Summit Closes in Discord

'Weak' U.S. Environment Policy Annoys Partners

By Brian Knowlton
International Herald Tribune

DENVER — Ending a summit meeting that saw the admission of Russia as an almost equal member, President Bill Clinton said Sunday that the eight nations would take "new steps to prepare a new foundation for the 21st century."

The final communiqué from the Summit of the Eight represented a defeat for the Europeans on the environmental issues of global warming and deforestation. They had argued for tougher language than the Clinton administration was willing to accept.

The leaders also warned the Chinese that they must protect democracy in Hong Kong once they take over the British colony on July 1.

But Mr. Clinton's claim at the opening of the event that the vibrant U.S. economy provided a model for other industrialized nations produced simmering dissent and pointed words from some Europeans.

Prime Minister Jacques Chirac, asked if France should emulate the U.S. economy, replied bluntly: "No, of course not. Each country has its own model."

Discussion of the "American model" persisted throughout the weekend. Most Europeans said they admired the U.S. economy's capacity for job creation, but had serious concerns about the quality of jobs being produced, the yawning income gap in America, the insecurity of older workers and even of American values.

Despite triumphalism, is American model best? Page 2. • Yeltsin and Chirac hold talks. Page 2. • Russia joins Paris club. Page 12.

"How can you have a country where 2 percent of the adult population is incarcerated?" asked Dominique Strauss-Kahn, the French minister of the economy, finance and industry.

Added Mr. Chirac: "We have our traditions, our model, and we plan to stick with it."

The gathering's brief discussions on the euro, the planned single currency that will form the focus of European monetary union in 1999, were summed up in a single paragraph in the final economic statement.

"We discussed EMU, including its international implications," the statement said. "We welcome the efforts of European countries to achieve a successful introduction of the euro and a well-functioning EMU, underpinned by sound macroeconomic and structural policies, that would contribute to the stability of the international monetary system."

Comments from the Europeans went even further, brushing aside any weakness in the language of the statement to make clear that the euro should be treated as a fact of life, 18 months before its inception, with no chance now for a delay.

Chancellor Helmut Kohl of Germany said to reporters that there could be no question that monetary union would start as planned in 1999, despite the problems many European countries are facing in meeting the economic targets to qualify.

"I have never doubted this," Mr.

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Protocol Gaffes at the Talk-a-Thon

By Peter Baker
Washington Post Service

DENVER — Maybe it was an international hazing ritual for the new guy.

As world leaders at the Group of Seven summit meeting gathered in the blue-carpeted conference room of the Denver Public Library on Saturday morning, the recently elected prime minister of Britain, Tony Blair, approached the large wooden circular table only to discover he had no chair.

Aides scrambled to find the well-stuffed, high-backed chair that should have accommodated the perplexed Labour leader at his first global summit meeting but found only a smaller one instead that made him look, well, something less than dignified compared with his counterparts from Europe, Asia and North America.

Despite months of planning and the involvement of thousands of U.S. and foreign officials in preparing this three-day talk-a-thon in the Rocky Mountains, some of the little details seem to have eluded White House organizers.

Take the opening dinner ceremonies Friday night, for example. The meticulous schedule called for President Bill Clinton to arrive first at the massive, red-brick Phipps House estate so that he could greet each foreign leader, one at a time, on a red carpet while a four-man military honor guard stood at attention.

The first limousine arrived carrying the presidents of the European Union and European Commission, who attend as observers. After Mr. Clinton escorted them inside, he re-emerged in time to see Mr. Blair's car pull up precisely four minutes later, as planned. Then another four minutes later came Prime Minister Romano Prodi of Italy. But Prime Min-

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Lee Celano/Reuters

The summiteers posing in Denver this weekend (from left): Jacques Santer of the European Commission, Prime Ministers Tony Blair and Ryutaro Hashimoto, Chancellor Helmut Kohl, Presidents Boris Yeltsin, Bill Clinton and Jacques Chirac, Prime Ministers Jean Chretien and Romano Prodi, and the EU's president, Willem Kok.

Socialist Moderate Succeeds Gonzalez

Party Picks Joaquin Almunia

Compiled by Our Staff From Dispatches

MADRID — Joaquin Almunia, a reform-minded moderate who is a fan of Prime Minister Tony Blair's new-look socialism in Britain, was elected leader of the Spanish Socialist Party on Sunday, party officials announced.

Mr. Almunia, 49, the party's parliamentary spokesman and the sole candidate for the job, replaced Felipe Gonzalez after receiving 73 percent of the votes at the 34th congress of the Spanish Socialist Workers' Party.

More than 24 percent of the 1,000 delegates had cast a blank ballot.

Mr. Almunia's triumph followed intense negotiations that went into Saturday night, brought about when Mr. Gonzalez dropped the bombshell Friday, the first day of the party congress, that he would not be running.

The announcement by Mr. Gonzalez, Spain's prime minister from 1982 to 1996 and the Socialist leader for 23 years, was followed by a similar statement by the party's deputy secretary-general, Alfonso Guerra.

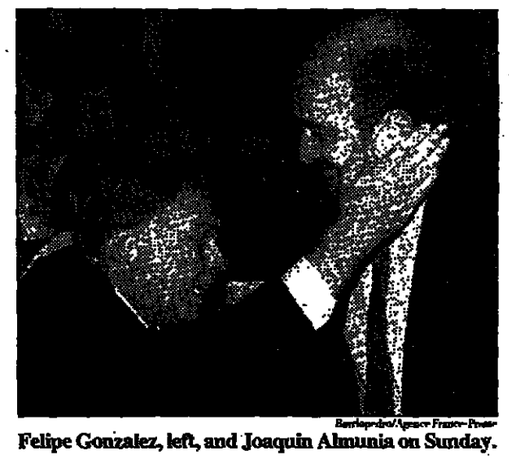
The defeat in the March 1996 election to the Popular Party of Jose Maria Aznar sounded the political death knell for Mr. Gonzalez, whose party had been ravaged by myriad corruption scandals.

The current congress had set the goal of renovating the party before the next elections in 2000. An executive bureau committed to renewal as well as adherence to Mr. Gonzalez's legacy was created.

A member of Mr. Gonzalez's inner circle since the late 1970s, Mr. Almunia was appointed labor minister in 1982 in the Socialists' first government. Four years later, he was named to the Public Administration Ministry.

Mr. Almunia, who was born in the Basque region, has been a Socialist deputy from Madrid since 1979.

In light of recent opinion polls that give the Socialists almost as large a following among voters as the Popular Party, a revitalization of the party's leadership could translate into a victory in the next general elections.



Bertrand Gardel/Agence France-Presse

Felipe Gonzalez, left, and Joaquin Almunia on Sunday.

As prime minister, Mr. Gonzalez shepherded the Socialists from persecution under Franco's dictatorship through its transition to democracy and active role in European integration.

Mr. Gonzalez's withdrawal was interpreted by various aides as an effort to remove Mr. Guerra from the party leadership. The two men have drifted apart since Mr. Guerra resigned as deputy prime minister in 1991 under pressure because of allegations of influence peddling by his brother.

Mr. Guerra leads what is described as the minority left wing of the party, which favors generous government welfare spending and state intervention in the economy. Throughout his career, Mr. Gonzalez has tried to move the party to the center.

The accusations of influence-peddling in Mr. Guerra's family were just the beginning of the financial and political scandals that steadily eroded Mr. Gonzalez's popularity.

The most serious charges have been made against about 20 political and police officials under Mr. Gonzalez, including a former interior minister.

They await trials over organizing death squads that killed Basque separatists in the 1980s. *(AFP, NYT, AP)*

Ex-Followers Are Said to Hold Pol Pot

Former Dictator 'Very Old and Tired and Sick,' General Reports

By William Branigin
Washington Post Service

PHNOM PENH — Appearing exhausted and ill, Pol Pot, the Khmer Rouge guerrilla leader, was carried into a jungle base Sunday by former followers who pledged to cut their ties with him and support the Cambodian constitution, a government negotiator said.

After flying back from talks with the rebels at their northern Cambodian stronghold of Anlong Veng, the negotiator, General Nhiek Bun Chhay, the deputy army chief of staff, said he had seen Mr. Pol Pot and his ailing No. 2, Nuon Chea, after they were carried in hammocks into the base by Khmer Rouge guerrillas who captured them about 15 kilometers away.

It was a rare glimpse of one of the world's most reclusive leaders, who presided over a reign of terror that killed more than 1 million Cambodians in the late 1970s and has not been seen in public by an outsider in 17 years.

As with previous reports about Mr. Pol Pot, however, there was no independent confirmation of Sunday's sighting. And General Nhiek Bun Chhay has a reputation among journalists for sometimes giving incomplete or inaccurate information.

The general, who has been negotiating with the Khmer Rouge on behalf of the first prime minister, Prince Norodom Ranariddh, described the former dictator as under house arrest in the custody of about 1,000 guerrillas who had turned against him after he ordered the massacre of the Khmer Rouge defense chief, Son Sen, and his family.

The general said the rebels had agreed to stop supporting Mr. Pol Pot "politically and militarily," dissolve the Khmer Rouge "provisional government" in the area and reconcile with King Norodom Sihanouk.

Pol Pot's shrouded path from jungle to power and back. Page 6.

But he made no mention of any agreement by the rebels to turn Mr. Pol Pot over to government custody so that he could be tried for crimes against humanity before an international tribunal, as demanded by Prince Ranariddh and his rival co-prime minister, Hun Sen. It appeared that this may still be under negotiation.



The Associated Press

Pol Pot, the rebel leader, in 1979.

"I did not talk to Pol Pot, but I saw him today sitting in a house," the general said. "His health is not very good. He is very old and tired and sick." The visit suggested that while Mr. Pol Pot's days as behind-the-scenes supremo of the Khmer Rouge might be over, the remnants of the organization were still seeking a political role in Cambodia.

The Khmer Rouge rebels want their political organization, the National Solidarity Party nominally headed by Khieu Samphan, to be admitted into Prince Ranariddh's National United Front, an umbrella group the prince formed to compete with Mr. Hun Sen's powerful Cambodian People's Party in local and national elections over the next year. Mr. Hun Sen has vowed to use force to prevent such an alliance. Instead, Mr. Khieu Samphan, for years a political front man for Mr. Pol Pot, appears to be playing the same role now for the rebels in Anlong Veng.

The general said Mr. Khieu Samphan would hold a press conference in the next couple of days at Preah Vihear, northeast of Anlong Veng, and announce an agreement to abandon Mr. Pol Pot and support the constitution. But diplomatic sources said the Khmer Rouge were showing no intention of giving up control of their zone.

Support for Radicals Wanes in Seoul

By Sheryl WuDunn
New York Times Service

SEOUL — Yang Hyun Ju's bedtime ritual has been a bit different these last few days, ending with her chaining herself to a fence outside a cathedral here and lying down to go to sleep for the night.

The ritual was part of a hunger strike calling for the resignation of President Kim Young Sam. It was meant to show commitment and gain sympathy, but not many South Koreans are paying attention.

For students like Miss Yang, that is difficult to accept. As she lay weakly on a mat near the Myongdong Catholic Cathedral, a longtime protest center and the base for the latest hunger strike, she insisted that the radical student movement in South Korea was still relevant.

"People react to us in various ways," said Miss Yang, 21, who was later sent to a hospital after church officials called off the strike Friday evening. "People support us a lot psychologically. The Korean people know in their hearts that what we are striving for is right."

But do they?

For decades, radical South Korean students, sometimes throwing firebombs and wielding metal pipes, were a symbol of a nation struggling toward democracy. Their passion and defiance of riot police helped bring the end of the military dictatorship and the election of Mr. Kim, a civilian and former dissident, in 1992.

The great victory of the students came a decade ago this month, when Roh Tae Woo, soon to be elected president, called for free elections and far-reaching changes. At the time, many South Koreans felt that the students had helped accomplish something important for society.

But now the radical students hardly have a voice in society. Many South

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Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 Riels
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 PTAS
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

AGENDA

Albright Sees Mideast Relations at 'Low'

WASHINGTON (AFP) — Relations between Israelis and Palestinians are at a "low point," U.S. Secretary of State Madeleine Albright said Sunday.

Asked if she planned to travel to the region, Mrs. Albright said on ABC television that "when the time is right I obviously will."

"The issue here is we clearly are at a low point at the Middle East peace process," she said.

The peace process has been deadlocked since Israel started work in March on a new settlement in eastern Jerusalem, the historically Arab sector that the Palestinians want as the capital of a future state of their own.

"It is important for them to make some hard decisions," Mrs. Albright said. "The United States plays a key role but we cannot play that role if the parties do not make some hard decisions."

Meanwhile, frustration over the impasse has led to renewed violence in Palestinian areas, particularly in the West Bank town of Hebron. For several days, young Palestinian demonstrators have lobbed rocks and gasoline bombs at Israeli soldiers in the town. (Page 4)

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The IHT on-line http://www.iht.com

One Big Battle May Be Won, but Tobacco War Is Far From Over

By Marc Fisher and John Schwartz
Washington Post Service

WASHINGTON — The challenge is monumental — the dismantling of a culture. Using money, media and medicine, anti-smoking forces are trying to undo the work of centuries of literature and seven decades of Hollywood and Madison Avenue, to eliminate the automatic connection between a kiss and a curling column of smoke, between a shout of rebellion and the flick of a butt.

The tobacco industry is willing to bet $368.5 billion that links so deeply embedded in the collective consciousness simply cannot be broken. The settlement between the tobacco industry and state attorneys general, though far from final, may turn out to be "the most historic public health achievement in history," as the Mississippi attorney general, Michael Moore, called it. But anti-tobacco activists, cigarette makers and historians of the habit say such hyperbole is premature: The future of the cigarette is largely shrouded in smoke.

Critics line up to denounce the deal. Page 3

From C. Everett Koop, the former surgeon general, to the historian Richard Kluger, those who have studied the savvy seductions and addictions that make up the culture of smoking say the deal is no panacea, but may well be a turning point.

"Viewed from 35,000 feet, this is the biggest effort ever to regulate a recalcitrant industry," Dr. Koop said. "Will it be good for public health? Yes. The Tobacco Institute will be gone, but the tobacco lobby will still be there. And they will never stop."

"Smoking ain't going to go away," said Mr.

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هكذا من الأصل

Denver's Summit of the Eight /*Drawing Russia Closer*

America's Economy: Could a Model for the World Be Oversold?

Amid Triumphalism, a Reminder About Cycles

By Louis Uchitelle
New York Times Service

NEW YORK — Not so long ago, Americans were envious of Japan. Its products seemed so superior, its corporate practices so effective. Western Europe, too, spawned juggernaut industrial economies. And looking abroad, Americans were caught up in self-criticism. For all the wealth of their own giant system, it seemed pitiful and helpless. And they turned to emulation.

The mood has flipped, of course. Triumph and self-satisfaction are the rising American themes. Profits are strong, unemployment low, jobs multiplying, inflation inconsequential, the stock market booming, product quality much improved.

Japan, by comparison, is digging itself out of a stock market crash and a collapse in real estate prices. And almost everywhere in Western Europe, sluggish economies and high unemployment make for something less than paradise.

It is corporate America that now demands emulation. After years of travail, the United States has finally fielded the right formula for generating wealth and prosperity in the highly competitive global economy. Or so the argument goes.

And just as Americans once spoke of emulation, there is talk now in Japan, Germany and France of emulating the United States. Some companies are even doing so.

The self-congratulation emerging from this comparison is exuberant.

"We are the most flexible, adaptable economy on earth," declared Bruce Steinberg, chief economist at Merrill Lynch & Co.

"Let us celebrate an American triumph," wrote Mortimer Zuckerman, the real estate developer and publisher, in an editorial in U.S. News & World Report, which he owns. "The mantra," he added, "is privatize, deregulate and do not interfere with the market."

Despite the triumphalism, various statistics measuring national wealth do not show conclusively that the U.S. model is the best. What's more, the U.S. edge today might be cyclical. While the United States is in the seventh year of a recovery, Japan and Western Europe are just beginning to emerge from years of recession or weak economic growth.

Then, too, some of Europe's problems seem temporary. Rebuilding Eastern Germany has dragged down Germany as a whole. And the steps being taken to bring about European union and a common currency have been a drag on national economies. Once they disappear, so could the U.S. lead, along with the claim that it is the enduring result of a better formula for doing business.

"We must take a longer perspective," said Dani Rodrik, an expert in international economics at Harvard's Kennedy School of Government. "Our triumphalism is actually an obstacle because it prevents us from seeing problems that in fact need to be addressed."

The essence of the American formula, as described by its corporate boosters, is this: Business must be free to innovate, restructure, relocate. Those are necessary ingredients for baking an ever larger pie, however distasteful the downsizing and wage inequality that are part of the process.

By comparison, in this view, the Japanese and Europeans, constrained by custom and law, field a faulty model. They are held back by uniform pay scales, strong unions, generous unemployment insurance, costly benefits and inefficient regulations that limit shopping hours, for example, or prevent entrepreneurs from rapidly establishing new ventures.

The accuracy of this formulation is of enormous importance to millions of Americans.

In the name of a successful, laissez faire formula for generating prosperity, most corporate executives justify the painful upheavals that result from income inequality, restructuring, downsizing and relocation to cheaper labor markets. These are necessary steps, they say, en route to a richer economy that will eventually help everyone.

Others, including the Clinton administration, would not tamper with the formula, but would repair the damage after the fact, through tax policies that redistribute income to the working poor. The earned income tax credit is an example of this approach. So is the call for more training, so the unskilled can move to the higher end of the unequal pay system.

But is the U.S. formula really the best model?

The most comprehensive measure of success is national income per capita; that is, gross domestic product — the value of all the goods and services produced in a country in a given year — divided by the population.

By that standard, according to the Labor Department's Bureau of Labor Statistics and the Organization for Economic Development and Cooperation, the United States has been the world's wealthiest country ever since World War II.

But from 1960 until the early 1980s, Japan and Western Europe closed the gap. Their per capita national incomes grew faster than that of the United States. Since then, no country has gained on another, or lost ground. And in this standoff, each side in this debate sees victory.

William Lewis, director of the Global Institute at the consulting firm McKinsey & Co., and a former official in the administration of President Jimmy Carter, has published studies critical of what he describes as market obstacles in Japan, Germany and France. In the most recent, issued last month, Mr. Lewis urged, among other things, that France and Germany move toward greater deregulation and a lowering of their "comparatively high minimum wages."

Income distribution, he said, should be handled through tax policies, not mandated pay scales.

Western Europe and Japan, Mr. Lewis said in an interview, stopped gaining ground on the United States in per capita national income because America has moved steadily since the Carter administration toward deregulation and unrestricted business practices, which "weed out firms that are unable to get better."

He added, "The reason there is higher competitive intensity in the United States is that there are fewer restrictions on the ways businesses can organize and compete."

Such reasoning incenses Richard Freeman, a Harvard labor economist.

The Japanese and Western Europeans may no longer be closing the income-per-capita gap with the United States, he says, but Americans are working longer hours to keep their lead, while the others, being more productive, are working fewer hours without losing ground.

"What you don't see in national income per capita is leisure time," Mr. Freeman said. "That gap is closing. You don't even hear anymore that the Japanese are overworked."

There are in fact flaws in all the models. The United States creates millions of new jobs, and unemployment is very low. But the highest-paid people take home growing chunks of the national income while wages at the lower end have fallen in recent years, when adjusted for inflation.

The income spread is far smaller in Western Europe, but unemployment in most countries there has grown from low levels 15 years ago to double the U.S. rate, or more. Various subsidies keep the unemployed afloat, but the young are particularly hard-hit, stunting their skills, and even in Western Europe benefits eventually run out for those without work long enough.

The Japanese, like the Western Europeans, manage to keep wages rising across the board and more evenly distributed than the United States does. Unlike Western Europe, Japan has a low unemployment rate.

That is partly because of the Japanese resistance to layoffs and partly because most women stay out of the labor force, or drop out in hard times, while men in their 50s are often forced into retirement in greater numbers than in the West.

Given cultural and political differences, none of these labor models seem likely to change much in the foreseeable future.

Still, deregulation is gaining ground in Japan and Western Europe — not to mimic the United States, but to move toward some middle ground.

"There is a very strong feeling that something is wrong, that the cost structure is too high," said Shuzo Nakamura, chief representative in New York of the Japanese Finance Ministry. "Some people believe we have to emulate the United States but most feel we have to find our own way."



Amal Wiegen and/Reuters

A bootless Mr. Kohl examining Mr. Clinton's Western-style bolo tie as Hillary Rodham Clinton looked on before the G-7 dinner in Denver.

These Boots Were Made For Balking

Reuters

DENVER — Chancellor Helmut Kohl of Germany reacted with horror when President Bill Clinton asked him and other leaders to wear cowboy boots to an entertainment gala Saturday night.

"We had a long discussion about boots and Kohl said that he would never wear them, absolutely never," Prime Minister Romano Prodi of Italy said at a news conference during the meeting of the Group of Seven big industrial nations.

Mr. Prodi said leaders were told at an afternoon meeting that they would be given boots and cowboy hats in time to put them on for an evening event dubbed "Saturday Night at the Summit."

True to the best traditions of G-7 summitry, where officials spend hours debating the exact wording of a communiqué, a face-saving compromise was eventually hammered out.

"There was no diplomatic incident because a compromise was found," Mr. Prodi said.

The compromise: Mr. Clinton and Prime Minister Jean Chretien of Canada "agreed to wear the boots on behalf of everyone," Mr. Prodi said.

The Italian leader was almost as relieved as Mr. Kohl at not having to don the boots.

"The idea of being confronted by a pair of boots terrorized me," he said.



Stephen Jaffe/Agence France-Presse

President Boris Yeltsin of Russia and President Bill Clinton waving Sunday from a balcony in the Brown Palace Hotel after their meeting.

Yeltsin, After Health Scare, Meets Chirac as Scheduled

Compiled by Our Staff From Dispatches

DENVER — Prime Minister Boris Yeltsin of Russia and President Jacques Chirac of France met Sunday, as planned, after some moments of concern.

Reporters allowed into the room to observe the start of the meeting said the Russian leader stood up to greet Mr. Chirac and looked well.

"It's good to see you in good shape," Mr. Chirac said. "When I see you I'm always in a good mood."

Asked later whether Mr. Yeltsin was in good health, he replied, 'Excellent."

Mr. Yeltsin missed a gala concert for Group of Seven leaders Saturday night, and a spokesman, Sergei Yastrzhembsky, said he was tired.

"He was tired, what do you expect," Mr. Yastrzhembsky remarked.

The Russian leader spent eight months away from his office, from the middle of last year, after heart problems, bypass surgery and pneumonia.

Mr. Yeltsin left a dinner about 20 minutes ahead of G-7 leaders. Journalists had been told that the leaders would all leave together.

"This has all been stressful," the spokesman explained.

"He's tired because of the stress, the temperature, the altitude. It's not so easy for someone of his age or for any age."

Stephanie Denning of the Denver Health Medical Center said the hospital was put on alert late Saturday and was asked by someone from the Russian delegation to make an ambulance available. "His personal physician took care of everything, and we didn't have to step in, thankfully," she said. "They just told us he wasn't feeling well." *(AP, Reuters)*

After Wooing Russia, U.S. Wins a Victory Against Iraq at UN

By John M. Goshko
Washington Post Service

UNITED NATIONS, New York — After President Bill Clinton interivened personally with President Boris Yeltsin, Russia withdrew its threat of a veto and cleared the way for the Security Council to impose new sanctions on Iraq if it continues to interfere with UN inspection teams.

The resolution was adopted on a unanimous vote of the 15-nation council.

The agreement between the United States and Russia called for a resolution warning President Saddam Hussein's government of the council's "firm intention to impose additional measures on those categories of Iraqi officials responsible for noncompliance" with UN orders. U.S. officials said that the term "categories" is meant to apply to all Iraqi military and intelligence officers and senior officials of Iraq's military-industrial complex.

The resolution gives Iraq until Oct. 11 to cooperate with UN inspections. If it remains defiant after that, U.S. officials said, the council will ban international travel by the Iraqi officials by ordering UN member states to bar their entry. The United States initially had wanted these new restrictions to go into effect immediately. Passage of the resolution was a major diplomatic victory for the United States, which has suffered several setbacks in its efforts to maintain a united international stance against Iraq until it complies fully with the demands of the United Nations following the 1991 Gulf War.

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TRAVEL UPDATE

Radiation on KLM Flight Disclosed

LONDON (AP) — Passengers aboard a recent KLM flight to London from Amsterdam were exposed to excessive amounts of nuclear radiation, a newspaper reported Sunday.

KLM acknowledged never telling the passengers, but asserted that the radiation was not excessive. The authorities in Britain said the incident was being investigated.

Flight KL129 on May 2 was transporting technetium generators used in X-ray equipment from the Dutch manufacturer Mallinckrodt Medical destined for a hospital in southern England, The Observer reported.

Russia Plans to Upgrade Air Safety

MOSCOW (Reuters) — Russia's aviation authorities plan to introduce new rules by the end of this year aimed at improving air safety standards.

Yuri Karetsky, head of the pilots' department of the Federal Aviation Service, said the rules were intended to reduce the number of safety-related incidents involving Russian carriers.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Estonia, Latvia, Luxembourg.
TUESDAY: Andorra, Canada, Congo, Estonia, Latvia, Macau, Venezuela.
WEDNESDAY: Mozambique, Slovenia.
THURSDAY: Madagascar, Ukraine.
FRIDAY: Djibouti.
SATURDAY: Djibouti, Hong Kong.

Sources: J.P. Morgan, Reuters, Bloomberg

WEATHER

Europe

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Algarve	24/75	16/61 s	26/79	17/62 s
Amsterdam	15/59	9/48 r	15/59	7/44 pc
Ankara	29/84	11/52 s	33/91	13/55 s
Athens	35/95	26/77 s	33/91	22/71 s
Barcelona	21/70	13/55 s	21/70	13/55 s
Belgrade	34/93	19/66 pc	28/82	13/55 pc
Berlin	20/68	11/52 sh	17/62	9/48 r
Brussels	15/59	10/50 r	18/61	7/44 pc
Budapest	27/80	14/57 t	26/79	13/55 pc
Copenhagen	19/66	11/52 c	17/62	11/52 r
Costa Del Sol	27/80	18/61 s	27/80	17/62 s
Dublin	16/61	7/44 pc	16/59	9/48 c
Edinburgh	15/59	5/41 pc	14/57	7/44 pc
Florence	26/79	13/55 s	27/80	13/55 s
Frankfurt	22/71	11/52 r	18/64	9/48 r
Geneva	17/62	11/52 sh	18/64	8/46 c
Helsinki	18/64	12/53 r	21/70	10/50 pc
Istanbul	32/89	22/71 s	36/97	22/71 s
Kiev	29/84	19/66 pc	26/79	15/59 sh
Las Palmas	24/75	18/64 s	23/73	18/64 pc
Lisbon	22/71	14/57 s	24/75	15/59 pc
London	18/64	9/48 r	18/64	11/52 pc
Madrid	28/82	11/52 s	30/86	14/57 pc
Mallorca	30/86	13/55 s	29/68	16/61 s
Milan	25/77	12/53 pc	26/79	12/53 pc
Moscow	25/79	16/61 pc	29/84	17/62 pc
Munich	18/64	8/46 sh	18/61	7/44 r
Nice	22/71	14/57 s	23/73	15/59 pc
Oslo	19/66	13/55 r	18/64	11/52 r
Paris	17/62	9/48 sh	17/62	9/48 pc
Prague	18/64	11/52 c	16/61	6/43 r
Reykjavik	9/48	5/41 r	10/50	6/43 r
Riga	19/66	11/52 r	21/70	11/52 pc
Rome	24/75	13/55 s	24/75	14/57 s
St. Petersburg	22/71	16/64 r	23/73	12/53 pc
Stockholm	20/68	11/52 pc	20/68	11/52 pc
Strasbourg	17/62	10/50 r	18/64	7/44 sh
Tallinn	18/64	12/53 r	21/70	11/52 pc
Tbilisi	26/77	15/59 r	27/80	16/61 pc
Venice	25/77	14/57 s	24/75	13/55 pc
Vienna	23/73	11/52 pc	32/71	11/52 c
Warsaw	22/71	11/52 r	19/66	9/48 c
Zurich	16/61	10/50 sh	16/61	8/46 sh

Middle East

Abu Dhabi	37/98	24/75 s	37/98	24/75 s
Beirut	27/80	19/66 s	27/80	19/66 s
Cairo	36/97	21/70 s	37/98	21/70 s
Damascus	32/89	13/55 s	32/89	14/57 s
Jerusalem	30/86	13/55 s	29/84	14/57 s
Luxor	46/115	20/68 s	44/111	20/68 s
Riyadh	42/107	26/79 s	41/106	27/80 s

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
A cool front will bring a brief reprieve from the heat Monday in the East, but hot weather will return to the major metropolitan areas by the middle of the week. Thunderstorms in the northern Plains Monday will be followed by cooler weather by Wednesday. Warm and dry in the West and Southwest.

Europe
Rainy weather is in store for Scandinavia Monday and Tuesday as a storm will be slow to move away from the region. Cooler weather will infiltrate much of central Europe early this week, while warm weather will continue from Italy and Greece through Ukraine and Belarus to western Russia.

Asia
Rainy weather will continue across much of southeastern Asia early this week. Sunny, hot and dry in northern and western China through Wednesday. Tokyo will be humid Monday with a few showers and thunderstorms, but Tuesday will dry out with some sun. Dry and warm in Seoul through Tuesday.

North America

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Anchorage	23/73	13/53 s	21/70	11/52 pc
Atlanta	33/91	21/70 pc	32/89	21/70 t
Boston	29/84	18/64 s	28/79	18/64 pc
Chicago	31/88	22/71 pc	32/89	19/66 t
Dallas	32/89	23/73 t	30/86	21/70 pc
Denver	32/89	14/57 s	26/79	11/52 pc
Detroit	31/88	20/68 pc	31/88	19/66 pc
Honolulu	29/84	22/71 sh	31/88	23/73 pc
Houston	31/88	23/73 pc	32/89	22/71 pc
Los Angeles	29/84	13/55 s	30/86	16/61 pc
Miami	32/89	25/77 pc	32/89	24/75 pc
Minneapolis	31/88	20/68 t	28/82	17/62 r
Montreal	23/73	16/61 pc	29/84	19/66 pc
Nassau	31/88	22/71 pc	31/88	24/75 pc
New York	32/89	21/70 s	30/86	22/71 pc
Orlando	33/91	22/71 t	33/91	23/73 pc
Phoenix	41/106	25/77 s	39/102	24/75 s
San Fran	20/68	11/52 s	22/73	12/53 s
Seattle	18/64	10/50 sh	20/68	12/53 pc
Toronto	27/80	16/61 pc	30/86	18/64 pc
Vancouver	12/53	9/48 r	20/68	11/52 sh
Washington	32/89	22/71 s	32/89	22/71 pc

Asia

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Almaty	34/93	18/64 pc	35/97	17/62 s
Bali	32/89	21/70 s	32/89	21/70 s
Bangkok	32/89	25/77 r	31/88	25/77 r
Beijing	38/100	27/80 pc	41/106	29/84 pc
Bombay	31/88	26/79 t	31/88	26/79 r
Calcutta	33/91	25/77 r	31/88	25/77 r
Chiang Mai	33/91	23/73 t	32/89	24/75 r
Colombo	29/84	24/75 pc	29/84	25/77 pc
Hanoi	32/89	27/80 r	32/89	26/79 r
Ho Chi Minh	33/91	23/73 pc	32/89	23/73 r
Hong Kong	29/84	26/79 r	29/84	25/77 r
Islamabad	44/111	26/79 s	44/111	27/80 s
Jakarta	31/88	23/73 pc	31/88	23/73 pc
Karachi	34/93	28/82 pc	36/97	26/82 pc
K. Lumpur	32/89	23/73 pc	31/88	22/71 pc
K. Kinabalu	31/88	21/70 pc	31/88	21/70 pc
Manila	32/89	23/73 r	32/89	23/73 pc
New Delhi	41/106	28/82 s	42/107	30/86 pc
Phnom Penh	32/89	23/73 sh	31/88	23/73 r
Phuket	32/89	25/77 t	31/88	25/77 r
Rangoon	32/89	26/79 t	31/88	24/75 r
Seoul	31/88	19/66 pc	30/86	19/66 s
Shanghai	29/84	14/57 pc	29/84	24/75 t
Singapore	32/89	22/71 pc	31/88	22/71 pc
Taipei	32/89	24/75 pc	31/88	23/73 s
Tokyo	25/77	23/73 r	27/80	23/73 pc
Vientiane	32/89	26/79 r	31/88	27/80 r

Africa

Algiers	26/79	13/55 s	28/82	17/62 s
Cape Town	13/55	5/41 c	15/59	9/48 pc
Casablanca	21/70	15/59 s	22/71	17/62 s
Harare	27/80	11/52 s	27/80	12/53 s
Lagos	28/82	23/73 sh	28/82	22/71 t
Nairobi	25/77	12/53 pc	26/79	12/53 pc
Tunis	29/84	14/57 s	29/82	16/61 s

Latin America

Buenos Aires	21/70	8/46 r	15/59	6/43 pc
Caracas	32/89	23/73 pc	30/86	24/75 sh
Lima	21/70	16/61 pc	21/70	16/61 pc
Mexico City	25/77	14/57 sh	20/68	12/53 c
Rio de Janeiro	28/82	20/68 s	27/80	22/71 s
Santiago	8/46	3/37 r	7/44	-1/31 r

Oceania

Auckland	13/55	9/48 pc	12/53	6/43 pc
Sydney	18/64	8/46 s	17/62	10/50 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, I-ice, W-weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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Critics Denounce 'Empty Promises' of Tobacco Deal

By John Schwartz and Saundra Torry
Washington Post Service

WASHINGTON — Having had a look at the fine print of the 68-page settlement proposal between tobacco companies and state attorneys general, the critics are lining up to take their shots.

"Overall, this is a document filled with empty promises and unfilled commitments," said David Vladeck, a regulatory law expert and head of the Public Citizen Litigation Group, expressing the view of consumer groups that the agreement was too favorable to the tobacco industry.

David Kessler, the former Food and Drug Administration commissioner who is now consulting with the federal government on tobacco regulation, said there were some "wonderful" provisions in the plan, including the part that provided for anti-tobacco education campaigns. But he also said he had "very serious concerns" about the parts of the deal he has seen so far — those regarding the food and drug agency's jurisdiction over tobacco and other components of cigarettes.

"We will ask the public health groups to come back this week and review the details of the settlement line-by-line," Mr. Kessler said.

Mr. Vladeck said the document "reflects the technical sophistication of the tobacco industry lawyers" compared with the "neophyte" status of the other side on regulatory issues. "I am not saying the attorneys general deliberately took a fall, but they came in second, and not even a close second."

He was particularly critical of provisions in the settlement that say the food and drug agency would have to prove that attempts to limit nicotine or other substances in tobacco products would neither be detrimental to public health nor create a black market. The attorney general of Mississippi, Michael Moore, and his colleagues said the provisions simply reflected concerns expressed by health officials that they did not yet have scientific evidence to justify taking such moves against tobacco products.



Robb Williamson/Reuters

A billboard in Denver showing the Marlboro Man about to light up. He would vanish under a deal hammered out last week.

Mr. Vladeck said that rule set the bar almost impossibly high.

Other phrases and concepts scattered throughout the document, Mr. Vladeck said, turn seeming public health advances into regulatory traps that weigh heavily in the industry's favor. For instance, any attempt by the government to limit nicotine would require a "formal rule-making" procedure, as opposed to the easier procedure the food and drug agency uses for most regulations, including its 1996 tobacco rule.

In addition, Michael McGinnis, a former official of the Department of Health and Human Services, said the $1 billion annual fund for smoking cessation programs could well be too small to meet the needs of the nation's 45 million smokers.

Other critics of the plan — which must gain the approval of Congress and President Bill Clinton — say the proposed fines against the companies if they miss targets for reducing youth smoking are too low. "Look at all those smokers they can get just by paying that money," said Richard Kluger, author of "Ashes to Ashes," a Pulitzer-Prize-winning study of the cigarette industry.

More fierce criticism came from Bennett LeBow, head of the cigarette maker, Liggett Group Inc. Earlier this year, Mr. LeBow signed a separate settlement with 22 attorneys general. Mr. LeBow said that he saw a lot of good news in the public health portion of the larger proposal, but that the industry got off easy, especially when it comes to the kinds of internal papers it will have to make public.

The companies involved in the negotiations agreed to turn over scientific documents, but not the highly sensitive documents Mr. LeBow agreed to provide. "They are giving up zero," he said.

The other companies are fighting release of Mr. LeBow's documents, which could shed light on the entire industry. Noting that the tobacco giants began negotiations with attorneys general just weeks after the announcement of his deal, Mr. LeBow said it was easy to figure out "why they're trying to rush to a deal quick."

While the tobacco companies received some protection from the federal regulation in the deal, in its pact the weaker Liggett agreed to be governed by the full food and drug agency rule. Recalling the remark by the attorneys general that they had held up the deal to protect a whistle-blower, Jeffrey Wigand, because they did not want to "leave anybody on the beach," Mr. LeBow said: "They left us on the beach. We are the ultimate whistle-blowers."

■ 'Bitter Pill' for the Industry

Barnaby J. Feder of The New York Times reported:

In reaching an agreement that would cost them billions of dollars a year and poses the potential to chase away customers, cigarette companies calculated that they still would be left with sufficiently lucrative business and would not continue to be haunted by lawsuits that have depressed their stock prices, consumed ever more of their resources and given their industry an image as America's corporate rogue.

The tobacco settlement would cost the highly profitable industry an average of $14.7 billion a year over the next 25 years, more than twice its profits from domestic cigarette sales in 1996. The industry called that and other terms of the deal a "bitter pill."

But the companies' stock prices have risen in the two months since negotiations on a settlement began, a sign of investor recognition that the companies have much to gain from an agreement even as they pay what looks like a steep price.

Although the combative tobacco industry has had great success in the courts at defeating lawsuits brought by sick smokers, it came under enough pressure in the last several years to force it to the bargaining table for the first time in four decades of nasty battles over the health effects of tobacco.

Central elements of that pressure were the lawsuits brought by more than three dozen states in an effort to recover Medicaid costs of smoking-related illnesses.

At the same time, the industry was confronted with the very real prospect of vastly expanded federal regulation, which is not the case under the agreement.

Wall Street has no doubt that the manufacturers, whose cigarette sales in the United States amount to $45 billion a year, would be able to survive the costs of the agreement by raising prices, though just how prosperous they would be under the restrictions in the settlement is still very much in doubt.

In the end, Wall Street is betting there will still be tens of millions of American smokers, and the industry leaders — the Philip Morris Companies, RJR Nabisco Holdings Corp. and BAT Industries PLC, the British parent of Brown & Williamson Tobacco Corp. — will continue to enjoy domestic profits that many other industries dream of emulating.

Investors are further betting that whatever those cigarette makers lose in the United States they will make up for overseas, where they are already enjoying strong growth.

Emanuel Goldman, who follows the industry for Paine Webber, said if Congress enacts the deal, "the companies' stock prices could go up another 20 percent" over the next 12 months.

Although Philip Morris, for example, has nearly half the domestic cigarette market, and so would have the biggest liabilities from the settlement, its tobacco business derives just 30 percent of its earnings from the United States, compared with 50 percent for Reynolds and even higher percentages for other rivals.

POLITICAL NOTES

2 Approaches to Tax Measures

WASHINGTON — When the chief Republican tax writer, Representative Bill Archer of Texas, pushed a tax-cutting bill through the Ways and Means Committee recently, he did it without a single Democratic vote.

His counterpart in the Senate, William Roth Jr. of Delaware, the chairman of the Finance Committee, took a different approach, and last week it paid off. All nine of the committee's Democrats joined 9 of the 11 Republicans in approving his version of the bill. The legislation would provide more than $135 billion in tax cuts over five years, offset in part by more than $50 billion in revenue from new and extended taxes.

Like the House version, the Senate bill would create a credit of $500 a child for most families, offer tax breaks for college tuition, reduce the top rate on capital gains for individuals to 20 percent from 28 percent and cut the federal inheritance tax. Both bills rely heavily on extending and expanding a tax on airline tickets. *(NYT)*

Dispute on Gulf War Illnesses

WASHINGTON — Eighty-six members of the House have urged a special White House panel of experts to reverse itself and conclude that Iraqi chemical weapons were responsible for some of the health problems reported by veterans of the 1991 Gulf War.

The lawmakers, responding to the draft of a new report by the General Accounting Office that linked Iraqi nerve gas with the sorts of illnesses seen among the veterans, said in a letter to the White House committee Friday that "the evidence is clear that exposure to a wide variety of chemicals" in the Gulf "may be a significant factor" in the illnesses. *(NYT)*

Wilson Attacks Clinton on Race

LOS ANGELES — Taking up the call for a dialogue on race, Governor Pete Wilson of California has accused President Bill Clinton of undermining equality through continued discrimination.

Addressing an audience of radio talk-show hosts in Los Angeles on Saturday, Mr. Wilson charged Mr. Clinton with fostering divisiveness by supporting affirmative action programs that undermine color-blind competition.

"President Clinton's support of preferences, if it is in fact genuine and not simply pandering to an important political interest group, bespeaks a strange and unhealthy pessimism about Americans and America's future," the governor said. *(LAT)*

Quote/Unquote

President Clinton, describing Chancellor Helmut Kohl's reaction to the denim shirt, bolo tie and cowboy boots that he wore to dinner at the Denver economic summit meeting. "The chancellor said I look like the president of the farm association." *(AP)*

Furor Over Adultery Overlooks Real Marital Stresses in the Military

By Dale Russakoff
Washington Post Service

MOUNT HOLLY, New Jersey — He was a young, married enlisted man in the U.S. Army, stationed in Germany. She was the civilian wife of an enlisted man in his unit. She was lonely; he was vulnerable. So began a garden variety case of military adultery, distinguished only by the aggrieved wife's reaction when she found out: She seduced the husband of the "other woman" in revenge.

The affair drew no media attention, no pronouncement from feminists or politicians. But to the soldier, now a sergeant in a reserve unit at Fort Dix, New Jersey, it was far more typical of what underlies adultery in the military than the publicity drenched cases of First Lieutenant Kelly Flinn or General Joseph Ralston.

"You have young men and women in young marriages with all the pressures of long separations and very unpredictable deployments," said the sergeant, speaking on condition of anonymity. "Somebody is always doing something."

In the view of senior military officers, military marriage counselors and numerous civilian spouses, the national furor over recent, high profile cases of military adultery overlooks a larger point: the unique and growing stress that life in the armed services imposes on marriages and families.

While military marriages exhibit legendary strengths, some senior officers have begun warning that the post-Cold War military is pushing these stresses to a breaking point. Fewer soldiers are being sent to more and more countries. Operational deployments in the army, for example, have tripled since 1989 when the Berlin Wall fell. Soldiers may return from Macedonia, then ship out on short notice to Bosnia-Herzegovina. At their home posts, officers and enlisted men said, they generally work longer hours to do more with less.

A little-noticed section of a widely quoted report of the House National Security Committee — "Military Readiness 1997: Rhetoric and Reality" — warned: "Given the overwhelming evidence of the stresses being suffered by military families as a result of the high pace of operations, the health and resiliency of the military family has already become a serious readiness issue."

The report cited what it called a widespread perception among military personnel and families that divorce is on the rise because of the increasing and unpredictable nature of deployments — although there is no statistical data to support that belief and some defense experts dispute the extent of the readiness problem.

The family-life section of the House report, which was based largely on anecdotal evidence, quoted air force spouses in Germany complaining, as one put it, "The workload is breaking our relationship." An army spouse said the uncertainty "just drives your emotions up and down, up and down." Weekly mental health appointments at Pope Air Force Base in North Carolina doubled from 1995 to 1996, the report said.

'We're getting to the point that a lot of soldiers are looking at family sacrifices they've had to make and saying they can't stay in the army.'

Gilbert Beeson, a marriage and family counselor near Fort Bragg, North Carolina, said short-term, short-notice deployments appear more stressful for families than even one-year assignments common during the Cold War. In those cases, he said, both spouses could plan ahead and families had certainty.

"We're getting to the point that a lot of soldiers are looking at family sacrifices they've had to make and saying they can't stay in the army," Colonel Steve Robinette, chief of staff at Fort Leavenworth, Kansas, said in a telephone interview. "It is a national security issue. The two places we're losing officers are the very talented young lieutenants and captains and some of the best and brightest lieutenant colonels. And family stress is a common thread."

He read from a memo he recently received from a young officer: "I'm getting anecdotal evidence of lots and lots of company-grade officers, lieutenants and captains bailing out." The memo mentioned one captain who regularly worked late into the night maintaining equipment because he had only half his authorized number of mechanics. The captain gave notice that he will leave the military, the memo said, after his battalion commander "read him the riot act for leaving the motor pool late one evening to go pick up his daughter from day care."

The captain, a 1991 West Point graduate, reached by telephone, said he had been sent on eight training rotations in five years — the average, he said, used to be one rotation every 18 months.

He said he was on rotation while his wife was in bed with a problem pregnancy, returned in time to hold his infant daughter and then was deployed to Haiti. Even at home, he said, he often has had to work beyond his children's bedtime because his battalion is so short-handed.

Recently, he said, his company was granted a day off, and his immediate boss gave him permission to attend a private conference of the Promise Keepers, who try to help men rearrange their lives so as to spend more time with families. But his colonel forbade it, saying he couldn't spare him.

The military is not unaware of the problem. Pete Isaacs, deputy commander of the army's Community and Family Support Center, said it partly reflects the changed demographics of the military in general. He said that 63 percent of today's army is married, compared with 22 percent at the end of World War II.

But Mr. Isaacs said he saw no evidence of a crisis, and David Segal, a University of Maryland sociology professor who specializes in the military, said there was no empirical evidence of rising attrition or lower morale as a result of increasing deployments. Mr. Segal observed that the 10th Mountain Division, one of the most deployed units, had the highest re-enlistment rate after a recent deployment to Haiti.

"Certainly there are people who say: 'This is too hard on my family.' But this does not to my knowledge indicate a trend," Mr. Isaacs said.

Along with the increase in marriage, the military has significantly increased its investment in family support programs, from counseling to dependent dental insurance.

"The old saying in the army was that if we wanted you to have a family, we'd have issued you one," Mr. Isaacs said. By the 1980s, he added, "clearly we were getting empirical data that told us: You can't man an all-volunteer force that's 60 percent married if families are unhappy."

Away From Politics

• **Heavy rain and 90-mile-an hour (145-kilometer) winds** hit the American Plains, where the weather was blamed for three deaths and widespread power outages. People in Milwaukee paddled boats along flooded streets. *(AP)*

• **A power outage caused an emergency closing** of the surviving reactor at Three Mile Island in Pennsylvania, the site of the worst U.S. nuclear power plant accident two decades ago. During the closing, the plant released steam containing trace amounts of radioactivity. The incident was categorized as "an unusual event," the lowest of four alert levels set by the federal nuclear-power agency. *(Reuters)*

• **Water rationing has been** ordered in San Juan, Puerto Rico, and nearby areas of the island because of low rainfall. That means some residents will have no water services on some days. The rationing reminded Puerto Ricans of 1994, when a drought, combined with deteriorated infrastructure and the near-bankruptcy of the Aqueduct and Sewer Authority, forced more than 1.6 million people to undergo rationing for nearly six months. *(NYT)*

• **An accused mobster,** Vincent Gigante, is to go on trial in Brooklyn, New York, after seven years of court battles over whether he was faking mental illness. Mr. Gigante, 69, who faces charges he ordered murders and led rackets as a powerful Mafia boss, became known for strolling around his neighborhood in a bathrobe and pajamas and mumbling incoherently. *(NYT)*

Green Groups Give Gore Black Mark

By Richard L. Berke and John H. Cushman Jr.
New York Times Service

WASHINGTON — Vice President Al Gore, one of the environmental movement's steadiest allies, is under attack from major conservation groups in an unlikely turn that carries important implications for environmental policy as well as presidential politics.

The groups say they are frustrated, even angry, that, in their view, Mr. Gore has failed to exert strong influence on two of the environmental movement's top priorities this year: toughening air pollution standards and negotiating deep cuts in worldwide emissions of greenhouse gases. In the next few days, President Bill Clinton, who defers to Mr. Gore on most environmental matters, is expected to spell out his positions on both questions.

Although environmentalists form the core of Mr. Gore's political base, organizations that have sided with the vice president throughout his public career are now using extraordinarily blunt language to warn that "green" voters might abandon him in the Democratic primaries in 2000 unless he delivers now on these crucial issues.

Environmental lobbyists have even met with Representative Richard Gephardt, the House minority leader and a rival for the Democratic nomination, urging him to demand that the White House display more leadership on their issues.

In an interview Friday, Mr. Gore defended his environmental record and said that his job demanded that he work behind the scenes.

"Everybody knows my views," he said. "But I am not going to publicly try to back the president into a corner."

Mr. Gore acknowledged that the pressure from environmental groups had been intense in recent weeks. The Sierra Club has begun television advertising campaigns in early primary states, urging Mr. Clinton and Mr. Gore to "stand up to the special interests."

Environmental groups have distributed a polemic to editorial writers that derides remarks by the president and the vice president on global warming as "hot air." And in a letter last week on the air standards, 84 environmental and health groups wrote, "We are deeply disturbed and perplexed by the apparent lack of visible and vocal support from the White House for the proposed new standards."

In the interview, Mr. Gore did not seem distressed by the barrage of criticism. "I quite understand why some group that feels passionately would decide to pull out all the stops to try to gain leverage in any way they can," he said. "And that is their job. My job is not to publicly argue for a specific policy that has not yet been formally recommended to the president and take options away from him."

But as the complaints have intensified, the vice president has scrambled in the last few days to reassure environmental leaders privately. And his aides have begun to signal that Mr. Gore was weighing in behind the scenes for a decision on clean air standards that would satisfy the environmentalists.

Carol Browner, the Environmental Protection Agency administrator, said in an interview: "There is no doubt in my mind that the vice president is in there doing what he has done on many difficult issues.

"He is moving the ball," she said, "providing the leadership, making the case for strong public health protection." For months, Ms. Browner advocated tougher air quality rules without a word in her defense from the White House.

Mr. Gore's advisers accused his newfound critics of an orchestrated drive to prod him even further on their issues.

"I guess the problem is, you always hurt the one you love," said Kathleen McGinty, the senior environmental aide at the White House.

The administration's proposals on air quality and global warming have come under intense criticism in Congress and from major industries, especially oil, coal and car companies, and White House economic advisers are battling with environmental officials over how aggressive a stance to take.

The debate has become feverish as two of the environmentalists' top priorities — clean air standards and global warming — have come before the White House.

The administration is under a court order to decide within a month how tightly to control emissions of smog and soot, and the White House's economic advisers, heeding pleas from industry, have been urging the Environmental Protection Agency to ease its earlier proposals.

The other pending environmental issue, strengthening the treaty on climate change, will be at the forefront at a UN conference in New York beginning on Monday. Signatories to the treaty, written five years ago in Rio de Janeiro, are trying to negotiate by year-end a tougher version setting mandatory limits on the emissions of carbon dioxide and other greenhouse gases, which are implicated in global warming and are continuing to rise. But the United States has refused so far to commit to a timetable for reducing greenhouse gases.



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With No Talks in Sight, Young Turn to Violence

Clashes Mark Israeli-Palestinian Impasse

By Barton Gellman
Washington Post Service

HEBRON, West Bank — Helmet shield lifted and arms spread wide, a broad-chested Israeli sergeant, the biggest man in his squad, stood exposed on Shalala Street and called to the young Palestinians heaving stones and flaming bottles of gasoline.

"Give it to me in the eye!" he roared in Hebrew, pantomiming his challenge. "Give it to me in the ear!"

Two sharpshooters of his military police squad, one high and one low, crouched under cover nearby. Whenever a torso or limb poked out from behind makeshift Palestinian battlements, the soldiers opened fire with steel-cored rubber bullets.

"We did good shooting today," said the sergeant's platoon leader, who identified himself only as Lieutenant Ron.

"Yes," affirmed a corporal, laughing nearby. "You can check Alia Hospital."

For more than a week, in Hebron and sporadically at the Jewish settlements of the southern Gaza Strip, street clashes have illustrated the degenerating state of Israeli-Palestinian relations. No direct talks are taking place, and there are none in prospect. Egyptian efforts at mediation are flagging. That leaves the exchange of insults and bone-breaking violence.

This time there is an American twist. Taking a cue from their leaders, nearly every Palestinian interviewed said the clashes began as a protest against a recent U.S. congressional vote demanding recognition for all of Jerusalem as Israel's capital. That was a calculated act of taking sides, as Palestinians see it, in the dispute at the center of the broken-down peace talks, Israel's building of a Jewish neighborhood in the section of Jerusalem that Palestinians want as their capital.

It was Palestinians who picked the fight with soldiers Friday, returning to the 10-year-old pattern of uprising. And it was Palestinians, as usual, who bore the brunt.

A big purple bruise from another day's stone marked one Israeli soldier's cheek, and an Israeli border guard was carried off with light wounds to his leg, but most of the bloodshed came on the other side. About 150 Palestinians and eight Israelis have required medical treatment since the latest clashes began.

At Alia Hospital here, three pre-teenage boys were admitted after being shot at such close range that the rubber bullets penetrated their flesh. A skinny 12-year-old wrapped in bloodied sheets, Munzer Natsche, had a round lodged in his chest. He said Israelis are "dogs," and no peace can come with them because "the Jews have guns and they took our land."

The same insult was used by the anonymous Jewish settlers who posted a sign, badly written in Arabic, over the entrance to Hebron's *walf*, or Muslim religious trust, some months ago. "Hebron is our country, and the Arabs are our dogs," the sign said.

The sign is still there because "I want visitors to see our sufferings," said Salah Natsche, Hebron's senior Islamic authority and a distant relation of the wounded boy. "The West is throwing its Jews at us and getting rid of them because they know their nature. The West wants to get rid of their evil."

Hebron has never lacked for preachers of hatred on either side, but in recent years opponents of compromise looked as if they were fighting strong tides. Now, nearly four years after the first Israeli-Palestinian accord, voices like Mr. Natsche's are strengthened by the broad impression that the process of political accommodation has collapsed.



Heidi Levine/The Associated Press

WEST BANK VIOLENCE — A Palestinian policemen firing into the air Sunday to break up a riot outside the courthouse in Ramallah. Among the rioters were the relatives of nine Palestinians on trial in the killings of seven people who had been accused of collaborating with Israel.

In the week's fighting, Israelis and some Palestinians suggested that Yasser Arafat's Palestinian Authority tolerated an organized effort to bus young men in from the southern hill towns to Hebron, which is the last West Bank city under partial Israeli military rule. Palestinian police did not try to stop the youths from moving toward soldiers guarding the Jewish settlement of Beit Hadassah.

"The Palestinian police can prevent it, but they are not doing their job, so we do it," Major General Uzi Dayan, chief of Israel's Central Command, said in an interview.

Inside the mosques for Friday prayers, sermons egged the young protesters on with angry talk about the congressional resolution on Jerusalem.

"Not the American Congress, not the European Union, not the Kremlin and not all of them together can make Jerusalem the capital of Israel!" preached Sheikh Fawzi Khateeb in the Ibrahimi Mosque, the Muslim side of the Tomb of the Patriarchs. "For 1,000 years it has been a Muslim and Arab city."

Friday was the "day of the Molotovs," several Palestinians said, and they threw dozens of crude gasoline bombs toward Israeli troops. Young men lined up in an alley to fill bottles with fuel from a can, then stuffed in rags to serve as wicks. As the bombs blossomed into flame and black smoke, Palestinians shouted such slogans as "God is great" and, in English, "P-L-O, Israel no!"

Young boys gathered fist-size hunks of stone and concrete. Older ones wielded slingshots with marbles or whirled old-fashioned slings.

Jewish settlers complained all week that rubber bullets were an insufficient response, demanding the use of live ammunition and the reconquest of the four-fifths of Hebron handed over to Palestinian self-rule five months ago.

"The Israeli army hasn't been allowed to act as an army in years," said one settler, David Wilder.

Ecological Devastation Ravages El Salvador

Leading Cause of Children's Death: Breathing

By Douglas Farah
Washington Post Service

SAN SALVADOR — Throughout the 1980s, El Salvador's civil war was a focus of international attention and billions of dollars poured into the country to support the military that was battling a Marxist-led insurgency.

Now the country, although at peace and out of the international spotlight, is facing a more common problem that threatens more permanent damage than the war: ecological devastation that is turning parts of the once-lush nation to desert, causing a severe water shortage and making respiratory disease from air pollution a leading cause of death among children.

And, Salvadorans complain, there is almost no outside aid available to combat the threat because the United States and other nations do not feel their strategic interests are directly threatened.

"Our ground water is running out, our surface water is increasingly polluted and we have less than 2 percent of our forest cover left," said Ricardo Navarro, director of the Salvadoran Center for Appropriate Technology, a prominent ecology group here. "The most dangerous thing a child can do in El Salvador is breathe. We will have to take radical measures if we want El Salvador to live."

The nation now ranks just behind Haiti as the Western Hemisphere's most deforested country. Only about 1.5 percent of its tropical forest cover is left, and about 7 percent more of the land is protected only somewhat by coffee trees. Even these trees are disappearing at an alarming rate, environmental experts said.

At the same time, Mr. Navarro warned, "water is a serious problem, and it will only get worse." He added, "Just in the capital, the subterranean water supplies drop a meter a year, and sooner or later those aquifers will run dry."

Unlike other nations in Central America, El Salvador has no undeveloped frontier because its small territory has long been occupied from corner to corner. But like the rest of the region, more than 30 percent of the people live in extreme poverty.

Much of the current crisis stems from El Salvador being the most densely populated country in the hemisphere, with about 243 people per square kilometer.

Deborah Barry, director of the Salvadoran Program of Investigation of Development and the Environment, said the problem of population density is particularly serious in the San Salvador urban area. According to a 1995 study by the group — widely regarded as the most reliable to date — the urban area has 30 percent of the nation's population, with a density more than twice that of the nation as a whole.

"The state of the Salvadoran environment and its ongoing degradation are a threat to the economic and political stability of the nation," the study said. "It is a serious impediment to future development."

In part, too, the war is to blame for the crisis today. Tens of thousands of people, mostly subsistence farmers, were driven from their homes along the northern border with Honduras, areas where the fighting was most ferocious. Most migrated toward towns and urban centers.

Those who remained in rural areas, and those who have returned, Ms. Barry said, have to clear more land than before because the soil is poor. In addition, most fuel is unavailable or extremely expensive, leaving wood the cheapest and most available means of cooking. The deforestation accelerates soil erosion, which in turn causes rivers to fill with sediment, killing water life.

"There is serious desertification setting in in some parts of the country," Ms. Barry said. "That leaves behind land that is no longer recoverable for mankind's use."

The nation's river ways and ground water are fouled further by unregulated dumping of industrial waste and garbage, often toxic. And deforestation, especially close to urban areas, is accelerated because there are no codes regulating how land should be used. In recent months several of the few remaining stands of trees on the hills around the capital have been razed to make room for apartments and commercial buildings.

Environmental experts say another growing problem is the inability of urban centers, especially San Salvador, to dispose of garbage in an environmentally sound way. At the main dump, near the suburb of Nejapa, the garbage is piled in huge mounds, where poor people fight with each other and clouds of vultures over the right to scavenge goods.

According to the study, the San Salvador metropolitan area generates 1,255 tons of garbage a day, of which only 37 percent is collected. The garbage that is collected is thrown on porous, volcanic soil, where it decomposes and filters into the water table.

Uncollected garbage is dumped directly into streams and rivers, further fouling them, or left to rot in piles, also posing a health hazard.

Reforestation is difficult, with wood so scarce and valuable. Environmental workers say trees are stolen, or cut as soon as they are big enough to burn.

In recognition of the growing problem, the government recently created the Ministry of the Environment to prepare legislation on emission control standards, rational land use and control of water use and pollution.

"There simply are very few laws now, and those that exist are not enforced," said a foreign environmental expert. "We are looking at years, maybe a generation, before things even begin to turn around, and by then it may be too late."

Netanyahu to Name Panel to Offer Plan On Jewish Converts

Reuters

JERUSALEM — Prime Minister Benjamin Netanyahu's government said Sunday it had signed an accord with Reform and Conservative Jews in an effort to resolve their dispute with Orthodox Jews in Israel over recognizing converts.

Under the deal, Mr. Netanyahu is to create a committee to draft a proposal that would satisfy "all parties" in what has been dubbed the "Who is a Jew?" debate, officials said.

Parliament approved preliminary legislation in April to enshrine in law the long-standing practice whereby people converted in Israel to Judaism would be officially recognized as Jews only if the conversion was performed by an Orthodox rabbi. That recognition is important here because conversion to Judaism opens the door to Israeli citizenship.

Though the law would effectively confirm the unofficial status quo, it angered non-Orthodox Jews in the United States, home to the world's largest Jewish community, who saw it as an attempt to relegate them to second-class status within Judaism.

The legislation, part of a coalition deal between Mr. Netanyahu's governing Likud party and religious factions, has not yet been presented for a final vote.

Under the new deal, a seven-member committee, including one representative each from the Reform and Conservative movements, will present its recommendations to Mr. Netanyahu's coalition by Aug. 15. Then, if necessary, it would offer a proposal for consideration by Parliament.

Government officials said Israel would in any event go on accepting as valid conversions done outside its borders by rabbis in the Reform and Conservative movements.

Delors Condemns Kohl 'Arrogance' At EU Gathering

Reuters

PARIS — Jacques Delors, former president of the European Commission, said Sunday that he had been "shocked by German arrogance" at the European Union summit meeting in Amsterdam last week.

Mr. Delors, a French Socialist, said on Europe 1 radio that the meeting had been a "fiasco" and that French and German cooperation in the European Union, traditionally the mainstay of the bloc, was not working well.

"The German arrogance at Amsterdam shocked me," Mr. Delors said, adding that he felt able to speak out because of long ties with Germany and early support for German reunification.

"It deserved a stronger reply from France," he said.

Mr. Delors said the German chancellor, Helmut Kohl, had demanded unanimity voting on justice and home affairs, an area where Bonn had previously favored majority voting.

And he said Mr. Kohl had refused "a French demand on economic and monetary union that was completely justified."

Mr. Delors said France's request for "a true coordination of economic policies" as a counterbalance to an independent EU central bank after the creation of a single European currency in 1999 was justified by the European Union's Maastricht treaty.

Paris to the Jungle: Pol Pot's Deadly, Shrouded Path

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The reported capture in Cambodia of Pol Pot, leader of a notoriously brutal political party that held absolute power for a dark, four-year period in the 1970s, may finally give the world a closer look at a shadowy man widely held responsible for the worst episode of mass murder in the last half of the 20th century.

A French-educated militant who became obsessed during the 1950s with a vision of remaking Cambodia into a radical communist agrarian nation, Mr. Pol Pot has for most of the last 20 years been a scorned figure in his own country and a corrosive, distracting force in its turbulent domestic politics.

If he is delivered for trial to an international tribunal, it would be the first time he would be confronted in person by the abundant evidence of massive atrocities committed during his rule from 1975 to 1979.

Although the exact death toll is uncertain, most experts estimate that at least 1 million and perhaps as many as 2 million people were killed outright. Countless others were tortured, imprisoned or financially ruined under Mr. Pol Pot's movement, the Khmer Rouge.

In the annals of modern war crimes, the Khmer Rouge's crimes are probably second only to those committed by the Nazis in World War II, which led to the deaths of as many as 11 million Jews and others over a 12-year period.

According to various estimates, as many as one-fifth to one-quarter of all Cambodians alive at the outset of the party's rule had, by 1978, been killed by its forces or perished from famine, disease or starvation provoked by misbegotten economic and social policies.

Although some of the Khmer Rouge's more brutal social policies — such as the forced migration of millions of citizens — were well known during its reign, the magnitude of the terror it inflicted and the number of people who were killed was kept hidden through self-imposed isolation and rampant xenophobia.

The mastermind of this policy of obsessive secrecy was a Khmer Rouge leader named Saloth Sar, who hid his own role from the Cambodian people for years before acknowledging in 1977 — in a five-hour speech that he delivered under the nom de guerre Pol Pot — that he was the country's ruler. His reign was marked by authoritarian and arbitrary policies arrived at with no tolerance for dissent. Internal purges were frequent, and any hint of disloyalty to the party elite — or even to the youthful, gun-toting, local party activists — routinely provoked disappearances or public executions.

Sobering evidence of this fanaticism can be found at a Phnom Penh museum, known as Tuol Sleng, situated at a former high school the Khmer Rouge used as a central facility for processing the condemned. The names of as many as 20,000 enemies of the regime were meticulously recorded there, torture was conducted, confessions were wrung and photographs were taken before they all were driven to nearby "killing fields" and buried in mass graves.

Researchers with the Cambodian Genocide Program at Yale University have found evidence that confessions obtained at Tuol Sleng were sent — sometimes on a daily basis — to Mr. Pol Pot and other senior Khmer Rouge leaders, who directly managed what one researcher described as a "nationwide system of execution centers." The centers disgorged bodies into more than 20,000 mass graves, according to the Yale program.

Saloth Sar was born in northern Cambodia in either 1925 or 1928, while the territory was under French control. He studied carpentry and industrial education in Phnom Penh before heading to Paris on a scholarship to study radio electronics, where he fell in with communist youth groups and devoted himself to their causes.

On his return to Cambodia in 1953 after repeatedly failing his exams, he joined a resistance movement seeking an end to French rule, and after the country won its independence in 1954, he shifted his activism to opposing the monarchy. He became a leader in the nascent Communist Party before fleeing repression by the royalists in Phnom Penh for the jungles of eastern Cambodia in 1963. There he helped build the Khmer Rouge.

The rebel group of fewer than 5,000 poorly armed peasants grew in less than a decade into an army of perhaps 70,000. In a foreshadowing of the brutality of its subsequent rule, the Khmer Rouge subjected Phnom Penh to months of indiscriminate artillery and rocket attacks before the city fell in 1975.

Within a day after taking the capital, the Khmer Rouge ordered most of its 2 million citizens into the countryside to plant rice, create new villages and perform other menial labor. All private property was confiscated.

"We worked seven days a week," said Seath Teng, who was separated from her family by the Khmer Rouge at the age of 4 and later wrote about the experience in the book, "Children of Cambodia's Killing Fields."

"The only time we got off work was to see someone get killed, which served as an example for us," she said.

The party's leadership was sustained by a profound sense of destiny about its military conquest over the U.S.-backed government, an ideology of class hatred that celebrated the wisdom of the poor and ill-educated, and a confidence that its absolute control could be maintained indefinitely.

According to the historian David Chandler, author of "The Tragedy of Cambodian History," the Khmer Rouge even ordered the borders of rice fields realigned to match the pattern of the party's symbol.

In late 1978, a border skirmish with Vietnam provoked that country to mount a full-scale invasion. The Khmer Rouge were toppled in two weeks and Mr. Pol Pot fled to the jungle.

A trial held in 1979 by the Vietnamese-backed government sentenced him to death in absentia for genocidal crimes. But he has never taken direct responsibility for these abuses, and instead blamed his subordinates for excessive zealotry and insubordination.

GAFFES: *Oops at the Summit*

Continued from Page 1

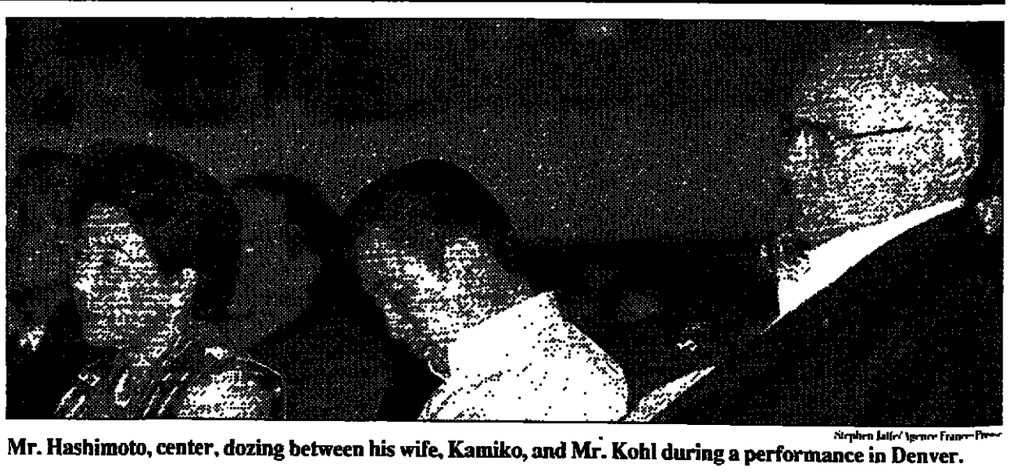
ister Ryutaro Hashimoto of Japan inexplicably arrived a full minute early, got out of his car and, with Mr. Clinton still inside, found no one to welcome him.

In diplomatic circles, this is an unmistakable breach of protocol, although Mr. Hashimoto seemed unruffled and simply cruised into the building on his own. As a uniformed guard stepped forward to replace the Japanese flag with the Canadian for the next arrival, an anxious official waved him back, and Mr. Clinton, trying to recover, hustled Mr. Hashimoto back out of the mansion arm in arm for the ceremonial wave to the clutch of international photographers.

By the end of the dinner, protocol was abandoned altogether. The leaders strolled out en masse and milled around on the driveway, causing a bottleneck of motorcades. Finally, Mr. Blair and Chancellor Helmut Kohl of Germany simply took off on foot, with the tank-sized Mr. Kohl searching for his ride, which couldn't have been too tough to find because, rather than a limousine, he travels in a full-scale passenger bus.

Perhaps the most personally embarrassing gaffe for Mr. Clinton, though, came before the official start of the summit. During a scene-setting address here Thursday, Mr. Clinton tried to use statistics he often throws into his speeches to make the case for international trade. "We are now slightly less than one-fifth of the world's population but we have slightly more than 20 percent of the world's wealth and income," the president said.

Oops. Of course, the United States has 5 percent of the world population, not one-fifth, which would be 20 percent. Otherwise, there wouldn't be much of a point. Without realizing the error, Mr. Clinton went on to say, "This is not a matter requiring Einstein to calculate." Then again, people say Einstein failed high school math.



Stephen Jaffe/Agence France-Presse

Mr. Hashimoto, center, dozing between his wife, Kamiko, and Mr. Kohl during a performance in Denver.

SUMMIT: *Denver Talks End in Discord Over Environment Policy*

Continued from Page 1

Kohl said. "My colleagues are in absolutely no doubt about this."

Britain said Sunday that it would devote the next summit meeting, in Birmingham, England, to seeking a third model, a way to have both healthy growth, as in the United States, and generous social protections for workers, the elderly and the unemployed, as in Europe. The nations represented in Denver — Britain, Canada, France, Germany, Italy, Japan and the United States, along with Russia and the European Union — plowed through an agenda of impressive breadth.

Their final statement called on Beijing to hold democratic elections for a new legislature in Hong Kong "as soon as possible" after the July 1 reversion of the British colony to Chinese control. And it urged new efforts to revive the moribund Middle East peace process.

The document strongly condemned unnamed "elected officials" in Bosnia-Herzegovina, who had blocked economic reconstruction, done too little to help returning refugees and allowed known war criminals to remain free.

Russia's almost full participation at a Group of Seven meeting, a first, overshadowed the meeting, held at a time when the eight countries faced no overarching political or economic crises.

Deputy Prime Minister Anatoli Chubais called Russia's expanded role "outstanding, extraordinary."

The Russian delegation left with at least one concrete benefit. In a surprise, the United States said it had helped broker a deal to include Russia in the Paris Club of creditor nations. Robert Rubin, secretary of the U.S. Treasury, called that "an enormous step forward." The group also endorsed eventual Russian membership in the World Trade Organization.

It was the first summit meeting for the new British prime minister, Tony Blair, at 44 the youngest leader here. After a bombing Saturday in Northern Ireland, the situation there dominated his one-on-one meeting with Mr. Clinton, who condemned the attack.

The eight, in their closing document, vowed that the "international community will maintain long-term commitment" in Bosnia. This sidestepped the U.S. position that its troops should leave next June.

They also agreed to increase aid and investment in the poorer African countries, and in their final statement opposed all human cloning.

There was discord, notably on NATO enlargement and the environment. Most of the Europeans want Romania, and possibly Slovenia, to be included when the North Atlantic Treaty Organization decides next month which candidates to accept. But the United States stuck by its stand that only Poland, Hungary and Czech Republic were ready for membership.

And the European nations sought firm targets to limit carbon dioxide emissions — a 15 percent reduction by 2010 — but the United States, whose factories are the world's biggest source of the pollutant, resisted, as did Canada and Japan. It was one of the strongest clashes of the meeting. "There was a genuine, real difference," Mr. Chirac said.

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Hong Kong Escape Route Dies Out

'Underground Railroad' Aided Hundreds of Dissident Chinese

By Patrick E. Tyler
New York Times Service

HONG KONG — For hundreds of dissidents spirited out of China in a modern-day version of an underground railroad, it worked this way: The dissident received a coded message to travel quickly to a fishing pier along China's jagged southern coastline and slip aboard one of the nondescript junks that ply the South China Sea.

With the dissident hidden below deck, a dark and tense passage across a few dozen kilometers of rolling swells ensued, as the boat's captain, often a common smuggler, evaded Chinese patrol boats and pirates.

If luck held, the dissident emerged to scramble ashore at a deserted beach an hour's drive from central Hong Kong, where British intelligence officers and diplomats provided temporary resident and travel papers — the equivalent of a passport to freedom.

Now this escape route, through which nearly 500 dissidents and defectors have passed since the crushing of the Tiananmen Square democracy movement in 1989, is being shut down with the end of British rule on June 30.

After decades during which Hong Kong provided sanctuary for political and religious refugees from mainland China, its special role as an escape route for those fleeing persecution will all but close with the withdrawal of the colonial government that discreetly tolerated it.

A small group of determined political activists say they plan to stay on in Hong Kong after China takes over on July 1 in hopes of providing some semblance of the safety net that has rescued so many.

"We hope a shadow could continue," a senior Western diplomat said.

But others fear that Beijing will try to crush the escape route once and for all, if only to stamp out the image of Hong Kong as a "base of subversion" against Communist rule on the mainland.

Publicly, Hong Kong's future leader, Tung Chee-hwa, has shown no sympathy for the fate of political refugees. Anyone who has not entered Hong Kong "properly and legally," he said this month, will "have to go," meaning back to China.

Robin Munro, director of the Hong Kong office of Human Rights Watch, said, "We believe there should be some mechanism that allows a valid asylum-seeker to leave the territory with the permission of the new Hong Kong government."

He added that "it could be worked out, if there is a will" among the foreign governments that will continue to be represented in Hong Kong and if the new Hong Kong government allowed it.

At its peak of activity, in 1989-91, the underground pipeline was known as Operation Yellowbird. But it was really an amalgam of efforts that featured a collaboration of political activists in China and Hong Kong working in alliance with human rights organizations and crime syndicates willing to smuggle human cargo for profit.

At the end of the pipeline was always Her Majesty's colonial government working in unspoken complicity with gangsters and spies.

The successes were often spectacular. They frequently bedeviled China's powerful Ministry of State Security, whose hapless agents could never plug all the routes out of the country.

But there were also betrayals and failures, the most notable of which compromised the escape of two longtime democracy advocates, Chen Ziming and Wang Juntao, in October 1989.

Both were captured and sentenced to 13 years in prison. Mr. Wang was allowed to go into exile in the United States in 1995 after the personal intervention of President Bill Clinton and more than 50 senators.

Mr. Chen has been living under house arrest in Beijing since receiving a medical parole last fall.

Some of the most famous student leaders of the Tiananmen movement, like Chai Ling, Li Lu and Wuer Kaixi, escaped through Hong Kong or Macau. But the Yellowbird networks have also assisted scores of other dissidents, labor activists and even Chinese government officials seeking to defect.

One of the most recent refugees to pass through the pipeline was Wang Xizhe, a longtime pro-democracy campaigner who fled China last fall after he wrote a public letter criticizing President Jiang Zemin and demanding that the government enforce freedoms enshrined in the 1982 Constitution.

On Oct. 8, he was at his parents' home in Guangzhou in the middle of shaving his invalid father's mustache when his beeper went off and he got word that the co-author of the protest letter, Liu Xiaobo, had been arrested in Beijing.

"I finished shaving my father's mustache, and then I left," Mr. Wang said. "I told my mother I had something to do."

"I went to Hong Kong on a smuggler's boat," he said by telephone from New York, where he is studying English. "It was so sad to watch the Chinese coastline disappear."

Once he landed in Hong Kong, British officials quietly issued him travel papers, and the Clinton administration just as quietly arranged passage for him to the United States.

Virtually every Western consulate in the territory has confronted the problem of accepting political refugees from China at the risk of offending Beijing's hypersensitive Communist leaders, who do not like to admit that they imprison their citizens for their political or religious views, or that a significant percentage of Chinese, if given the choice, would emigrate to the West.

"On the record, it's not something we talk about," said Richard Boucher, the U.S. consul general in Hong Kong.



GEARING UP — Workers in Beijing building a stage Sunday for a party in Tiananmen Square on June 30 to mark the return of Hong Kong.

CIA's Arrest of Murder Suspect Angers Pakistanis

By Kenneth J. Cooper
Washington Post Service

QUETTA, Pakistan — Beyond the tall metal gate of the recessed driveway, the oldest brother of Mir Aimal Kansi has been receiving his clan's elders and other relatives who have streamed into the walled compound to deliberate on how to aid a family member jailed in a distant land.

In the week since Mr. Kansi was captured and later flown to the United States from Pakistan by FBI and CIA agents with assistance from Pakistani authorities, family members and residents of his hometown have tried to make sense of the arrest of a member of Quetta's most prominent family.

Mr. Kansi is accused of killing two Central Intelligence Agency employees and wounding three other people in a 1993 attack outside the agency's Langley, Virginia, headquarters. If convicted, he could face the death penalty.

"The family is highly disturbed," said Hamidullah Kansi, 43, the eldest brother of the murder suspect and by tribal tradition the head of his extended family since their father's death in 1989. "There is a lot of tension. They're in a state of shock."

The elder Mr. Kansi also disputed suggestions that his brother was motivated to attack CIA headquarters because he blamed the agency for his father's death.

Hamidullah Kansi said Abdullah Jan, their father, never worked for the CIA during the Afghan war against occupying Soviet troops, as has been reported, and died a natural death at 68 from liver cancer complicated by heart problems. He also denied that any Kansi relative was killed in Afghanistan in 1984 during the war, an incident also cited as a possible motive.

In Quetta, a city of 800,000 near the border with Afghanistan, the reaction to Mr. Kansi's arrest, predominantly worry and anger, has reverberated in concentric circles from his immediate family, to the prosperous extended Kansi clan that numbers more than 20,000, to the larger Pashtun ethnic group to which they belong.

Leaders of minor political parties in the capital of Baluchistan Province also have taken up the issue, criticizing the national government for ignoring its own extradition laws and permitting a foreign country to haul off a Pakistani citizen without giving him a court hearing, as provided by law.

"Why did our government hand over Mir Aimal Kansi? That is the question. We want to know," said Tariq Mahmood, who until recently owned a video store in Quetta. "Of course, we are angry."

Pakistani newspapers have described the swift transfer of Mr. Kansi to the United States as a loss for the nation's prestige and the rule of law, which has yet to be firmly established in a country directly ruled for half its history by the military. A front-page article in Saturday's edition of the Nation, for instance, charged that the fugitive's capture "belittled a nation of 130 million, making it look like a tin pot island republic which has neither laws of its own nor respect for itself or its sovereignty."

■ General to Sue Government

Pakistan's former military spymaster said Sunday that he would sue the government over the Kansi case, Reuters reported from Islamabad.

General Hameed Gul, former director general of Inter Services Intelligence, said he would submit a petition to a high court Monday to protest the way Mr. Kansi was captured and delivered to his accusers.

"I want to raise the sovereignty issue. The sovereignty of Pakistan has been violated," General Gul said. "The law of land has been flouted with impunity as no legal requirements were fulfilled."

BRIEFLY

Hong Kong's Laws To Change at Once

HONG KONG — Hong Kong's future chief executive, Tung Chee-hwa, made it clear Sunday that new laws restricting demonstrations would go into effect from the minute the territory becomes part of China on July 1.

"Laws passed during the early morning of the first of July will take effect as of the beginning of that particular day," he said.

Martin Lee and other democracy activists have said they would denounce the new Beijing-appointed legislature from the outside balcony of the chamber while members were being sworn in.

Mr. Tung did not say whether the demonstration would be tolerated. Talks between his office and Mr. Lee's Democratic Party were continuing, he said. *(Reuters)*

India and Pakistan Chart Way to Peace

MURREE, Pakistan — Pakistani and Indian negotiators said Sunday that they were close to agreement on a joint statement after a session of peace talks held within sight of the mountains of disputed Kashmir.

"We are very close to a final agreement," said Shamshad Ahmad, secretary for the Pakistani Foreign Ministry. His Indian counterpart, Salman Haider, voiced hope earlier of an accord on the "machinery of future negotiations."

"We will finalize this document in the closing session tonight," Mr. Ahmad said. *(Reuters)*

China Courts Rival

BEIJING — Beijing urged Taiwan on Sunday to regard the handover of Hong Kong as the model for its reunification with China, promising it greater prosperity under communism.

The commentary, issued hours before Taiwan was to begin two days of military maneuvers in a southern district and the Taiwan Strait, showed no sign of anger over the exercises.

Referring to the handover, the Xinhua news agency said: "This is a major step toward realizing the reunification of the motherland under the 'one country, two systems' guide, and is extremely useful in setting an example for solving the Taiwan problem." *(Reuters)*

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EUROPE

Russian Steps Down Over Nude Sauna Video

By David Hoffman
Washington Post Service

MOSCOW — The Russian minister of justice was relieved of his duties after a tabloid newspaper published grainy black-and-white photographs from a surreptitious videotape showing the official cavorting with nude women in a sauna frequented by criminals.

The official, Valentin Kovalev, 53, a former professor of law who once served in Parliament as a deputy of the Communist Party, was ordered by Prime Minister Viktor Chernomyrdin to step down until the incident had been investigated.

"I am not aware of anything I have done that I should be ashamed of," Mr. Kovalev said, vowing to defend his "good name, honor and dignity."

The announcement came after the newspaper Top Secret, which often publishes controversial material, appeared with a cover article headlined, "The Minister Has No Clothes."

The author of the article, Larisa Kislinskaya, a correspondent of the Tass news service, said Mr. Kovalev was videotaped in the sauna in September 1995, nine months after his appointment to the justice post.

Under the Russian system of government, the police are largely under the control of the Ministry of Interior.

The Ministry of Justice is concerned with courts and other legal and constitutional issues.

Mr. Kovalev is a member of the Russian Security Council, a body of high-ranking officials that advises the president on military and law-enforcement problems.

The controversy surrounding Mr. Kovalev could become an embarrassment for President Boris Yeltsin, who vowed recently to crack down on corruption, especially the influence by organized crime in government and private business.

Many experts say that the rule of law has failed to take root in Russia, leaving the country in the grip of criminals who use bribery, extortion and contract murders to control the economy and political activity.

The Interfax news agency reported its sources had said Mr. Kovalev would probably be forced to resign.

In recent years, Russian periodicals have often published compromising materials collected by private detectives and shadowy "secret services" to embarrass politicians, business people and others.

Journalists have been offered money to publish the materials, some of which are authentic but others fabricated.

According to Miss Kislinskaya, the videotape was discovered in the safe of a banker, Arkadi Angelevich, who was said to be keeping the tape as potential evidence against the justice minister. The tape was discovered after the banker's arrest April 17 on suspicion of embezzlement.

The reporter wrote that the banker had been safeguarding the tape for the possibility that he might need it someday to exchange for "something more valuable than money — freedom."

Top Secret published a list written by the banker of possible protectors to whom he could turn for aid if needed. Mr. Kovalev's name was at the top.

The reporter said she had obtained the tape from staff members of the Interior Ministry, which was reported to have confiscated it during a raid on the banker's dacha.

The Interior Ministry denied this.



Reuters

Valentin Kovalev vowed to defend his good name, honor and dignity.

Switzerland Joins NATO Security Pact

New York Times Service

GENEVA — In a first step away from its traditional isolationism, Switzerland has joined the North Atlantic Treaty Organization's security cooperation pact, called the Partnership for Peace. But Swiss officials emphasize that their participation will be limited.

"It's a breakthrough, and an opportunity to contribute to peace and stability in Europe," said the defense minister, Adolf Ogi, who signed the commitment to take part in the group in Brussels last week.

Joining the partnership — born out of a U.S. initiative begun in 1994 to bolster security in East European and other countries — does not mean Switzerland is "*leaving neutrality behind.*" Mr. Ogi said. The country's military will not participate in armed NATO maneuvers, he added, but will cooperate in such areas as education, training and rescue operations.

"Neutrality is backed by 80 percent of the people because it has been a good experience for us," said Mr. Ogi, who pointed out that since the Swiss confederation was formed in 1848, "we have lived as four different cultures and languages, and we have lived in peace."

Despite Switzerland's vow that joining the group will not lead to full NATO membership, the move is intended to ease the country out of its political isolation, said an American analyst of the Swiss military, who spoke on condition of anonymity. "There is a growing sense here that decisions are being taken, and Switzerland doesn't have a voice," the analyst said, referring to Europe-wide decision making.

Taking part in NATO field exercises, albeit in a supporting role, would tinker not only with Swiss neutrality but also with the special place the army has traditionally held in the country. Despite its name, the Swiss Army is actually more of a militia. The army's full-time troops number fewer than 4,000, but every adult male citizen is liable to serve a total of 300 days until age 42, with periodic retraining.

Switzerland maintained an official neutrality in both world wars, although its dealings with the Nazis have recently been criticized.

Ulster Police Bar March Through Catholic Towns

Protestants Protest but Halt at Barricades

The Associated Press

BELFAST — Police units prevented two Protestant marches from confronting Roman Catholic protesters Sunday as the American chairman of negotiations on Northern Ireland's future appealed for reason.

Rows of riot policemen blocked marchers from the Orange Order, Northern Ireland's main pro-British Protestant fraternal group, as they tried to pass through the mostly Catholic villages of Bellaghy, 45 miles (70 kilometers) northwest of Belfast, and Mountfield, 80 miles to the west.

The parades — more than 2,000 of them are scheduled for July — celebrate the Protestant majority's traditional dominance in Northern Ireland. Most do not pass through Catholic areas, but Catholic militants are determined to block any that do.

The issue last year set off the most widespread riots Northern Ireland has seen in a generation.

In Bellaghy, men and an accompanying band marched behind a banner with a British crown and open Bible to the police barricade, handed over a letter protesting that the police were violating their freedom of assembly, then did a U-turn back down the hill to their Anglican church. Orange leaders vowed to try to march along Bellaghy's entire main street a few hours later.

About 150 Catholic protesters shouted abuse at the marchers, but the police kept the two sides more than 200 yards apart. The Catholics also held up signs accusing the predominantly Protestant police force of favoring the marchers.

Earlier, a former U.S. senator, George Mitchell, appointed last year by the British and Irish governments to oversee talks among nine local parties, said the effort to agree on a compromise way to govern Northern Ireland was "not hopeless."

But speaking to BBC television, Mr. Mitchell said it depended on the marching disputes being resolved "without the kind of violent incidents and widespread rioting that occurred last year," and on "tangible progress in the talks themselves."

Fear of a second summer of rioting has combined with rising paramilitary activity. The IRA, which abandoned its 1994 cease-fire 16 months ago, shot and killed two Protestant policemen on Monday.

Mr. Mitchell called the killing of the policemen "a brutal act, morally wrong and counterproductive," and said those orchestrating violence weren't advancing their objectives, "unless their objective is to prevent peace from occurring, and maintain a state of military activity, and sectarian clash and warfare."

Pro-British paramilitary groups are still officially sticking to their own October 1994 truce, but unofficially have been responding to IRA attacks.

On Thursday a member of the IRA-allied Sinn Fein party discovered a bomb under his car.

On Saturday, a booby-trap bomb destroyed a moving car in south Belfast. The two passengers inside, supporters of an IRA splinter gang, were slightly injured.

Efforts to broker compromise on marches have hit the same obstacles of distrust and disrespect as in the wider talks.

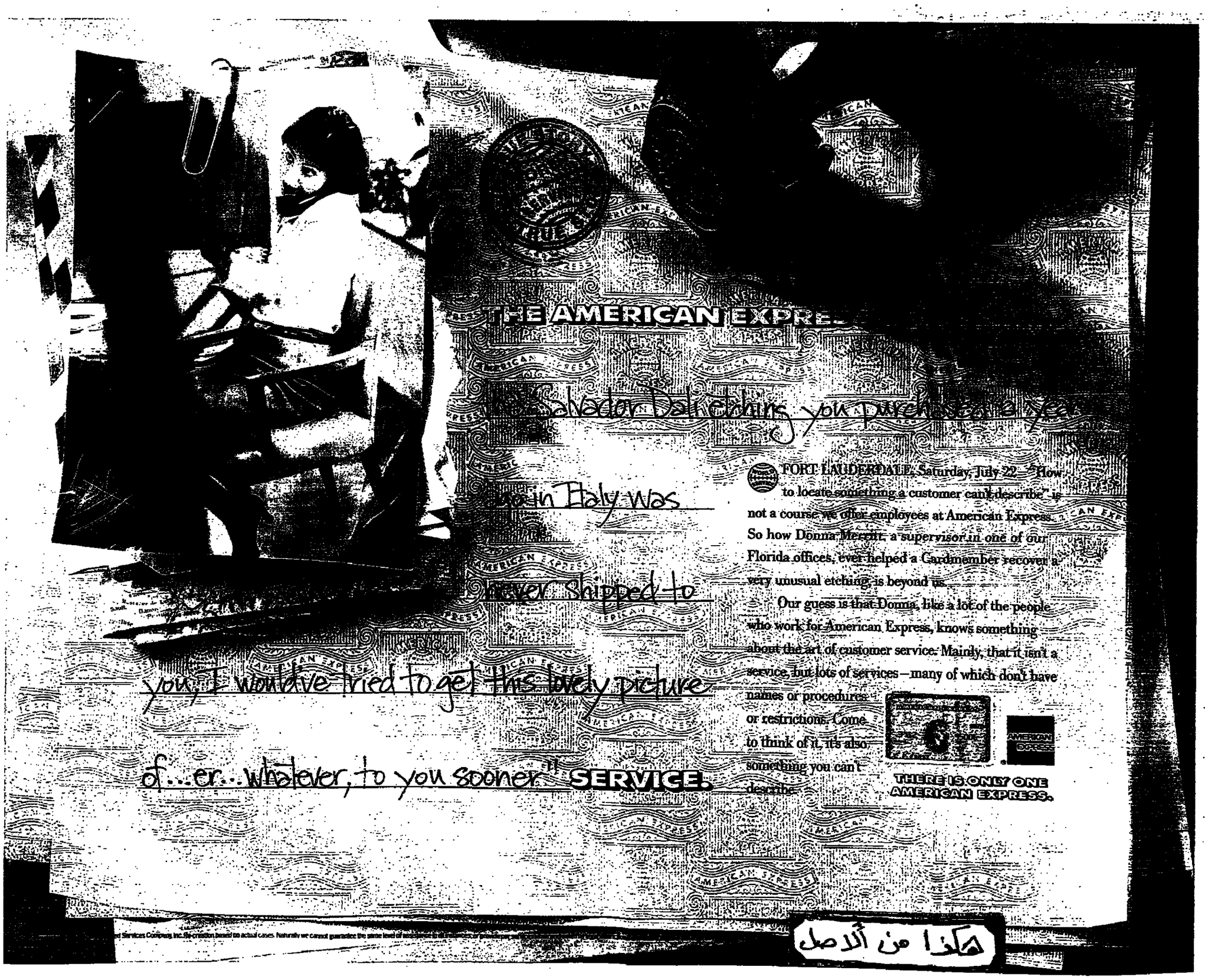
Those began in June 1996 under Mr. Mitchell and resumed earlier this month. In both instances, Protestant leaders have refused to meet people with IRA associations.

Most of the march-related protests are led by IRA supporters.



Paul McErlane-The Associated Press

Holiday-clad Protestants obeying a constabulary order Sunday to halt at the Catholic village of Bellaghy.



هكذا من الاصل

For Turkey and Iran, New Strains

People Demand a Balanced Mix of Religion and Government

By Stephen Kinzer
New York Times Service

ISTANBUL — Traveling between Turkey and Iran these days produces an odd sensation of dissonance.

In militantly secular Turkey, a Muslim-oriented political movement is thriving despite intense efforts by generals and others to suppress it. In orthodox Iran, a relatively moderate cleric who preaches tolerance and studies Kant and Tocqueville has been elected president.

It would be too simple to suggest that the two countries are changing political places. Turkey is not entering a period of religious rule, nor is Iran about to embrace Western values.

Yet in both countries, people seem to be sending a similar message. They want a government that respects individual rights but also gives religion an important role in public life.

Turkish generals, who consider themselves the guarantors of the secular state, detest Necmettin Erbakan, the Islamist leader, and last week, finally yielding to their pressure, he resigned as prime minister. The generals and their secular allies rejoiced, congratulating themselves for saving the country from fundamentalism. No longer, they said, was Turkey in danger of becoming "another Iran" or "another Algeria."

In some quarters, however, disquieting questions were being asked. By using their power to block the rise of an Islamic party, weren't the generals following the same policy as the late shah of Iran, and more recently the Algerian military? By repressing that party, might not they be radicalizing it and driving some of its members underground, laying the groundwork for far more serious trouble in the future?

The generals believe that by forcing Mr. Erbakan from office, they have crushed a grave threat to Turkish freedom. To them, Islamic political power means obscurantism, fanaticism and ultimately dictatorship.

Others see it as simply a response to what a growing number of Turks want.

"This is a democracy," said Abullah Gul, a minister of state and influential aide to the departing prime minister. "If the people want religious schools, or if they want other changes in society or politics, how are you going to tell them in a democracy that this is not allowed?"

The founder of modern Turkey, Mustafa Kemal Ataturk, forged his new nation in the 1920s by ripping it from its Ottoman religious roots. He issued a series of revolutionary decrees designed, among other things, to eliminate all vestiges of religious influence over government and politics.

It is now becoming clear that such a radical action would inevitably produce a reaction. After a delay of three-quarters of a century, the reaction has begun. Through Mr. Erbakan's political movement, the Welfare Party, millions of Turks are saying that they want to reclaim some of their Muslim traditions.

This terrifies Turkey's generals and the rest of the secular elite.

NEWS ANALYSIS

These people have been brought up to believe that catastrophe will follow if they allow female civil servants to wear head scarves, permit soldiers to pause for prayers or give students the right to attend Koran courses as they please.

During his 50 weeks as prime minister, Mr. Erbakan proved to be remarkably mild, and took no strong steps toward establishing an Iranian-style theocracy. But the generals were not satisfied. They consider him to be a conniving hypocrite and are certain that he is hiding his true fundamentalist agenda.

Turkey is a highly dynamic society, just as Iran was in the period before the Islamist takeover. Huge numbers of villagers have flooded into big cities, bringing their religious beliefs with them. They have slowly become alienated as the tired and corrupt political establishment fails to meet their needs.

Many of them vote for the Welfare Party. Its leaders are certain that as migration continues and other parties continue squabbling among themselves, their own appeal will grow even more.

Secularists, on the other hand, hope that this marginalized mass will slowly be integrated into the mainstream and not feel the kind of strong disaffection vital to Welfare's success.

Just the opposite sort of disaffection is visible across the border in Iran.

Iranians are tired of being ruled by dour mullahs who want to regulate not just the clothes they wear on the street, but also the music they hear and the movies they watch inside their own homes.

Many remain committed to the idea that religious leaders should play a role in public life, but they want that role to be less all-encompassing.

Keep following Allah, they seem to be saying, but lighten up.

Mohammed Khatami was elected president in a landslide last month partly because he advocated easing of some of the nation's religious restrictions.

The key to his political résumé, however, is the fact that he was forced from his job as minister of culture and Islamic guidance several years ago because ultra-conservative ayatollahs considered him too tolerant, for example, by approving the screening of films that were not fully favorable to Islamic rule and allowing a female singer to give a solo show in Tehran.

If Mr. Khatami manages to move his country toward a balance between religious and secular power, the resulting equilibrium will be one for which Iranians have paid a huge price.

The challenge facing Turkey is to find an equilibrium without suffering through a nightmare like the one in Iran.



Peter Dejong/The Associated Press

EMBASSY BLAST — Security was tight Sunday at Turkey's embassy in Brussels after a bomb exploded near the building. No one was hurt in the attack, which was claimed by a man in the name of an Armenian group.

Majority Hunt: An Opponent Shifts to Yilmaz

The Associated Press

ANKARA — A lawmaker defected Sunday from an Islamic-led alliance to a pro-Western bloc that supports Mesut Yilmaz, the prime minister-designate, but Mr. Yilmaz was still short of the support he needs to win a majority in Parliament.

Haluk Muftuler, from the True Path Party of Mr. Yilmaz's rival, Tansu Ciller, resigned a day after Mr. Yilmaz called on parties to join with his Motherland Party against the Islamic Welfare Party.

Mr. Muftuler was expected to join Motherland on Monday. Mr. Yilmaz said he expected more defections from True Path in the coming days. For a majority, he needs the support of at least 10 more True Path legislators.

BRIEFLY

Fight Looms Over EU Farm Aid

BRUSSELS — Plans to slash aid to wealthy wheat farmers are likely to be pushed aside at an annual European Union farm price marathon starting Monday in Luxembourg, EU diplomats said.

Farm ministers, except Britain's and Sweden's, are expected to block Farm Commissioner Franz Fishler's bid to cut payments to cereal and oilseed farmers by 1.4 billion ecus ($1.6 billion) to help finance aid for beef producers crippled by the "mad cow" crisis.

The cereal aid cut is the most contentious issue in a package of farm prices and measures for the coming 12 months which, if an EU ritual is respected, will be thrashed out at an all-night session after several days of hard bargaining.

Germany, France and other countries argue that it is unfair to make cereal farmers foot the bill for damage caused by bovine spongiform encephalopathy and that there are sufficient savings in the farm budget to cover the cost. *(Reuters)*

Bandits Rob 2 Reporters in Albania

TIRANA, Albania — Two reporters were robbed by armed bandits in lawlessness that is intensifying just a week before national elections.

Joanna Robertson, a reporter for the BBC and Alphin Resimi, who writes for the English-language Albanian Daily News, were robbed at gunpoint, a Greek military spokesman said Sunday. *(AP)*

Swedish Social Democrats on Rise

STOCKHOLM — Sweden's governing Social Democrats clawed back some popular support in June, regaining the lead from the conservative opposition for the first time in five months, according to a poll released Sunday.

The survey by the Swedish Institute for Public Opinion Research showed support for the Social Democrats rose to 33.7 percent in June from 31.3 percent in May, putting the party back at the top. *(Reuters)*

The EU This Week:

International Herald Tribune

Significant events in the European Union this week:

- Prime Minister Wim Kok of the Netherlands, representing the EU presidency, and President Jacques Santer of the European Commission meet Prime Minister Ryutaro Hashimoto of Japan in The Hague on Wednesday for the annual EU-Japan summit meeting.
- Mr. Kok meets with leaders of 10 Central and East European countries, Cyprus and Turkey in The Hague on Friday to discuss the result of the Amsterdam summit meeting last week.
- EU social affairs ministers meet in Luxembourg on Friday for a first discussion of how to carry out the new commitments to coordinate employment policies that were made at the Amsterdam summit meeting.

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Herald Tribune
THE WORLD'S DAILY NEWSPAPER

BUSINESS AND AGENDA 21: FIVE YEARS ON

World Business Council for Sustainable Development

(SIXTH IN A SERIES)

A PARADIGM SHIFT HAS OCCURRED AMONG BUSINESS LEADERS IN THE LAST FIVE YEARS SINCE GOVERNMENTS IN RIO DE JANEIRO CALLED UPON THEM TO BE PART OF THE DRIVE TOWARD SUSTAINABLE DEVELOPMENT.

From ideas to action

In 1992, sustainable development was a difficult-to-grasp concept for everyone, and maybe even more so for businesspeople. It was broad in scope, calling for a major rethinking of economic, environmental and social priorities within companies.

Today, it is encouraging to see how business has clarified a long-term vision into concrete and workable solutions toward environmental progress and has aligned its practices with the aspirations encapsulated by sustainable development.

Business is at the heart of the sustainable development debate. Its challenge is to achieve growth, wealth creation and jobs in a manner that is sustainable for future generations.

"We cannot afford to sit on the sidelines and allow others to set the environmental agenda. Business's active involvement is essential if progress is to be made."
LIVIO D. DESIMONE, CHAIRMAN AND CEO, 3M

Companies have the technology, skills, resources and creativity to provide solutions that can benefit society at large, and the World Business Council for Sustainable Development (WBCSD) is a testament to this. It shows how companies are taking the lead in finding answers to global environmental problems.

Trends show that society is increasingly concerned about how companies manage the environment and that markets reward eco-efficient companies, i.e., those that fulfill their economic, environmental and social responsibilities.

United to solve global problems

Conserving healthy ecosystems and biodiversity, ensuring that people have access to clean water, using natural resources sustainably, producing and trading goods and services eco-efficiently, reducing greenhouse gas emissions, developing environmentally-friendly technology... all these issues and many more are at the forefront of business priorities today.

But business cannot do it alone. Though it can develop and implement strategies for sustainable development, as WBCSD's member companies are demonstrating, it has to work within the framework conditions set by governments.

Yet, in order to accelerate progress toward sustainable development, governments should consult with business leaders and others to devise enabling framework conditions that allow consistent and realistic goals to be developed and met.

There is much scope for collaboration between governments, the private sector and others. Building bridges between those who hold different views is therefore central to the achievement of sustainable development.

For more information about Eco-Efficiency, see pages 17-21 of today's IHT.

During the UN General Assembly Special Session (UNGASS), the WBCSD will take the lead in the following:
- **High-Level Roundtable:** involving WBCSD CEOs, high government and UN representatives, to review the progress achieved by business since Rio.
- **Business Panel Forum:** open to NGOs to ask questions of a selection of WBCSD CEOs on how their companies have responded to the challenges set forth by Agenda 21.
- **Plenary Session:** two WBCSD Executive Committee members, Eugenio Clariond Reyes, executive president of Grupo IMSA, and David Kerr, chairman and CEO of Noranda, will address delegates.
- **Launch of the WBCSD-IUCN primer** "Business and Biodiversity: a Guide for the Private Sector," which looks at the implications of the Convention on Biological Diversity for business and suggests ways for companies to be involved in the convention process at the international, national and company levels.

What Is the WBCSD?

A business group of 123 companies from 37 countries, sharing a commitment to the environment and the principles of economic growth and sustainable development. It encourages high standards of environmental management in business.

The World Business Council for Sustainable Development also benefits from a regional network located in developing countries and countries in transition, representing more than 700 business leaders.

The WBCSD aims at developing closer cooperation between business, governments, NGOs and other organizations concerned with sustainable development. We also seek to encourage high standards of environmental management in business itself.

WBCSD PUBLICATIONS

WBCSD publishes reports and books on a wide range of business and environment related topics. The latest WBCSD publications include: "Signals of Change: Business Progress Towards Sustainable Development," which records the progress business has made toward sustainable development since 1992; "Business and Biodiversity: A Guide for the Private Sector," which explains why business should be involved in the biodiversity debate and suggests how it can participate; "Environmental Performance and Shareholder Value," which bridges the gap between environmental and financial performance, and provides practical guidance to investors and analysts.

Copies may be obtained from E&Y Direct, Fax: (44 1202) 661999. Please contact E&Y for a complete list of WBCSD publications.

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Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Temper the Boasting

President Bill Clinton was feeling pretty good about things this weekend as he hosted his fellow leaders from the industrialized world in Denver for their annual get-together. The U.S. economy just keeps on ticking, while Japan and Europe seem mired in problems. At these affairs, the Japanese used to primly lecture the Americans on their immoral profligacy as reflected in U.S. fiscal deficits. Now America's budget deficit is under control, while Japan's is ballooning.

Well, we wouldn't begrudge Mr. Clinton a few minutes of good-natured bragging. After all, U.S. unemployment is at a two-decade low, economic expansion is challenging records, and the stock market continues to astonish. Still, too much gloating would be out of place. On some of the really hard questions, after all, America's political establishment doesn't seem much more capable of finding solutions than Europe's or Japan's.

All three are facing similar demographic crises, with aging populations needing in coming decades to be supported by fewer and fewer active workers, and that long-term challenge — known in America as the Social Security and Medicare crisis — has confounded everyone so far. On what may prove the world's most serious environmental problem — climate change caused by industrial activity — Mr. Clinton so far has proved similarly incapable of leadership.

Moreover, the much trumpeted American model has its weaknesses. Mr. Clinton and his economic soul mate, Prime Minister Tony Blair, are pushing a recipe of deregulation, open trade and supposedly smaller government to spur entrepreneurship, innovation and job creation. There's a lot to be said for their model. But was it only last year that Patrick Buchanan and so many others were decrying the cruelty of this approach? The Europeans pay a price, in unemployment and stagnation, for their well-padded social safety net. But Americans pay a price — in inequality, insecurity and a growing underclass — for their freewheeling system.

In fact, none of the leaders in Denver could claim to have all or even most of the answers for this new era of globalization. It brings the promise of constant change and widening prosperity, as Mr. Clinton preaches. But the mobility of capital across borders also undermines governments' ability to tax fairly, to protect the environment and to shape societies consonant with national values and desires. Accommodation will have to come through a combination of new forms of international cooperation and locally suitable national adaptations. Everyone involved still has much to learn.

— THE WASHINGTON POST.

Take Warming Seriously

Five years ago, more than 100 world leaders came together in Rio de Janeiro for the first international Earth Summit, leaving a diaphanous trail of promises to clean the earth's atmosphere, save its rain forests and otherwise collaborate on common environmental challenges. Many of these leaders or their successors will convene at the United Nations this week to review their work. There is little to celebrate. The oceans are as polluted as ever, and deforestation proceeds at a ruinous pace. Perhaps the most conspicuous failure, however, involves the hugely contentious subject of global warming.

Bill Clinton cannot avoid addressing that issue when he speaks on Thursday. With only 4 percent of the world's population, the United States produces more than a fifth of the "greenhouse gases" like carbon dioxide that are contributing to a gradual and potentially disruptive warming of the earth's surface. Moreover, the United States has fallen well short of its Rio pledge to stabilize greenhouse emissions at 1990 levels by the year 2000. Only two of the industrialized nations that joined in that pledge, Germany and Britain, are expected to meet their targets. The United States will exceed it by 13 percent or more.

The administration has already conceded that the voluntary approach endorsed in Rio is not working and that it will accept "binding," enforceable targets on greenhouse emissions if other industrialized nations go along. Mr. Clinton does not have to go much beyond that in his speech. A global treaty will not be signed until a final meeting in Kyoto, Japan, in December. But he has to sketch the outlines of a credible and economically feasible plan aimed at the earliest possible reductions. He must also send a strong signal that if there is a final agreement in Kyoto, he and his vice president, Al Gore, will work hard to get it through Congress. Any serious plan to reduce greenhouse gases will carry political risks because it will not be cost-free. Mr. Clinton's audience will want to know whether he and Mr. Gore are up to the challenge.

The president has one important thing going for him. There is a far broader scientific consensus on global warming than there was in Rio five years ago, and there are many more creative ideas about how to address it. Here is where the issue stands.

The science. One reason why the industrialized nations opted for voluntary targets in Rio was that mainstream scientists simply could not agree whether man-made emissions had contributed to the small rise in global temperatures that began late in the 19th century. In 1995, however, the UN Intergovernmental Panel on Climate Change, consisting of about 2,500 scientists, concluded that they had. The scientists' language was cautious, their forecasts gloomy. Unless the current rates of combustion of carbon-based fuels — coal, gas, oil — could be reduced, they warned, temperatures would rise by between 1 and 3.5 centigrade degrees over the next century.

Changes in the middle level of that scale could cause a 50-centimeter rise in sea levels that would flood coastal lowlands and tropical islands, an increase in weather extremes, and damage to forests and croplands. Despite challenges from businesses, which have attacked the science in tobacco-industry fashion, the UN panel has not retreated from its basic findings.

Remedies and costs. About one-third of the atmosphere's greenhouse gases is produced by electric power plants, one-third by cars and trucks, and one-third by other commercial enterprises and ordinary households. Reducing these gases not only means using less energy. It will also require expensive investments in cleaner fuels, cleaner cars and new technologies.

Some industrial spokesmen have said that this is a recipe for national bankruptcy. Earlier this year, however, about 2,000 economists signed a statement asserting that the benefits of action on climate change outweighed the costs and that a well-tailored plan relying totally on market mechanisms could actually improve productivity. A study by the World Resources Institute reached the same conclusion. Both the economists and the study suggested that one mechanism could be a carbon tax that would make coal and petroleum fuels more costly and discourage consumption. The revenue from the tax would then be recycled into the economy in the form of lower payroll and corporate taxes, thus encouraging new investment.

Since a carbon tax is unlikely to fly in Congress, both the economists and the study suggested a more politically palatable option that the administration has generally embraced — an international emissions-trading scheme that would set a global ceiling on emissions and give each country a national ceiling. The idea behind this scheme is that rich nations which cannot keep within their limits without crippling financial investments will be able to "buy" pollution permits from poorer countries whose economies are so inefficient that even the tiniest adjustments can achieve big reductions in greenhouse emissions.

This mechanism is not without flaws, and it remains to be seen whether everyone can agree on such a complicated scheme before Kyoto.

But in the long run Mr. Clinton's greatest problem may be to convince Congress, which must ratify whatever emerges from Kyoto, to take the issue of global warming as seriously as the scientists do. That means taking it seriously himself and getting his vice president, who has been silent on the issue of late, to speak out. It was Mr. Gore, after all, who asserted in "Earth in the Balance" that global warming "threatens to destroy the climate equilibrium we have known for the entire history of the human race." He added, "The longer we wait, the more unpleasant our choices become."

— THE NEW YORK TIMES.

Herald INTERNATIONAL Tribune
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International Herald Tribune. 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.95.38. Internet address: http://www.iht.com E-Mail: iht@iht.com
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A UN Deal Made With the Wrong Republicans

By Jim Hoagland

WASHINGTON — Bill Clinton is engaged in a curious and misguided quest for bipartisan support on foreign policy. He is making untenable deals in Congress that strengthen his bitter ideological enemy, Senator Jesse Helms, and weaken the position and power of the members of Congress who should be his natural allies, the moderate Republicans.

When the Senate voted 90-5 last Tuesday to pass a bill that mentions possible U.S. withdrawal from the United Nations and cripples the authority and independence of the administration's foreign aid program, the lonely opposition to this legislative monstrosity was led by Senator Richard Lugar, Republican of Indiana.

Mr. Lugar, one of the Senate's leading internationalists, warned eloquently that his colleagues were playing with fire by adopting an approach to the United Nations that not even America's closest allies are likely to support. He spoke convincingly of the importance of principle and of U.S. leadership in the world body. And he was then ignored when it came time to vote.

The natural leader of the opposition to Mr. Helms's openly avowed aims of eliminating foreign aid and bringing the United Nations to its knees should be Joseph Biden, Democrat of Delaware. But Senator Biden, strongly encouraged by the administration, was instead showering fulsome praise on the North Carolina Republican and rounding up votes for the bill, which lists Joseph Biden as co-author.

Clinton aides explain this curious situation by asserting that they and Mr. Biden are dealing with the realities of power. Mr. Helms is chairman of the Senate Foreign Relations Committee and has frequently held Democratic policies and diplomatic appointments hostage. He has elevated legislative blackmail into state terrorism.

He has blocked funding increases for the State Department for the past two years and was threatening to do so again until the administration reached a "compromise" with him through Mr. Biden, who is the new ranking Democrat on the committee and eager to make his mark as a forger of consensus. To achieve this, he has joined with Mr. Helms in mixing apples and oranges, linking the future of U.S. foreign aid with funding for the United Nations.

The bill clears the way for new funding for two items: a reorganized State Department that would get complete control of the now independent Agency for International Development, and payment of $819 million of America's $1.2 billion in back debts to the United Nations over three years.

But included in the bill is an 18-page list of conditions that the United Nations must meet to get the money. UN Secretary-General Kofi Annan suggested to influential Washingtonians he saw here last week that the General Assembly was unlikely to accept such American unilateralism over money that is clearly owed.

Of the arrears, $658 million is owed to Britain, France, Germany, Italy and other countries that took part in peacekeeping operations approved by the United States. Only 5 percent of the total is owed to the United Nations itself.

Failure by the United Nations and the United States to reach agreement on Mr. Helms's conditions would trigger a chain of events that ultimately could lead to an American exit from the world organization, the bill suggests.

Administration officials acknowledge that they are banking on Mr. Helms to accept some softening of the bill in a legislative conference to resolve differences with an earlier House-passed version. They feel that he is increasingly concerned with his place in history and is now ready to be constructive if treated with the kind of deference that Secretary of State Madeleine Albright has shown him.

But Mr. Clinton's people deal in tactics, while Mr. Helms wages an ideological war. As Mr. Lugar delicately hinted on Tuesday, what Mr. Helms and this legislation aim to erode is the internationalist philosophy that has guided U.S. foreign policy for the past half-century.

The vote on Tuesday "imperils the United Nations," said Mr. Lugar, a man not given to overstating his case.

In getting the Senate to approve the Chemical Weapons Convention last month, the White House stood on principle and refused to bargain with Mr. Helms on his own terms. But principle was abandoned this time. The White House let *him* link UN financing and the future of U.S. foreign aid.

The Washington Post

Taiwan Isn't Hong Kong and Doesn't Want 'Two Systems'

By Peng Ming-min and Phyllis Hwang

TAIPEI — As Hong Kong prepares to return to China, Taiwan is busy revising its national constitution and establishing the groundwork for democratic development. These divergent paths underscore the impossibility of applying to Taiwan the "one country, two systems" formula that China has devised for Hong Kong.

Beijing has said that after the handover of Hong Kong next week, and of Macau in 1999, it regards annexation of Taiwan as the final step in realizing a unified China.

The people of Hong Kong generally welcome the end of British rule and the return of Chinese sovereignty. Taiwan's people, who have no recent ties to China, do not have similar feelings of welcome.

More than 85 percent of Taiwan's population of 21 million are descendants of pioneers who migrated from China several centuries ago. The Chinese who fled to Taiwan after the People's Republic was established by the Communists in 1949 are less than 15 percent.

In Hong Kong, one-third of the population was born in China. Most of the remainder are the sons and daughters of immigrants who came from China in the past 50 years.

Another significant difference lies in the relative levels of political awareness.

Since 1842, Hong Kong has been administered as a British colony, with the governor appointed by the Queen in London and the main governmental bodies appointed by the governor. For close to 150 years of British rule, the Hong Kong people did not organize any movements for democratic reform. Demands for greater political participation emerged only in recent years. When Governor Chris Patten opened Hong Kong's Legislative Council to elections in 1995, a mere 36 percent of registered voters cast ballots.

Although Taiwan has a similar history of colonialism and foreign domination, it has a long tradition of active democratic opposition. After colonization by the Spanish and the Dutch, it fell under Chinese rule in 1683. For the next two centuries the local population led 68 revolts against officials of the Qing dynasty, an average of one every three years.

After its defeat by Japan, China ceded Taiwan to Japan in perpetuity in 1895. A group of Qing officials and Taiwanese leaders defiantly declared the island the Republic of Taiwan. Japanese troops swiftly crushed the republic. But persistent Taiwanese demands for representation within the Japanese government produced the Formosan Home Rule movement.

After World War II, Japan was forced to relinquish Taiwan to the Allied powers. Expelled from China in 1949, the anti-Communist Kuomintang assumed control and plunged the island into one of the darkest eras of its history. Yet neither the brutality of the Feb. 28 Massacre in 1947, in which more than 20,000 Taiwanese died, nor 38 years of martial law deterred the people from seeking their historic destiny — a democratic republic on Taiwan.

Despite Beijing's attempts to intimidate Taiwanese voters with military exercises and live missile tests, the turnout of more than 70 percent in Taiwan's first presidential election in 1996 showed the extent of popular commitment to democracy.

From next month, China will have responsibility for Hong Kong's defense and foreign relations, while promising to respect the existing political, economic and judicial systems for 50 years. Similar pledges of autonomy made to Tibet did not prevent China from invading it in 1959 and subsequently violating the human rights of the Tibetan people.

The Taiwanese reject the "one country, two systems" model. They have not struggled for the past 400 years to achieve their current level of democracy only to risk tyranny under Chinese communism.

Peng Ming-min was the opposition Democratic Progressive Party candidate in Taiwan's first presidential election in 1996. Phyllis Hwang, his assistant, studies international law in the United States. They contributed this comment to the International Herald Tribune.

A Good European Start for Blair, but Lots More to Be Done

By Roy Denman

BRUSSELS — Six weeks after taking office, Britain's new prime minister faced his first big Eurotest — the final stage in negotiation of a successor to the Maastricht treaty. John Major's confrontational style would have wrecked the Amsterdam conference. Tony Blair negotiated robustly, but his style was constructive.

After many years, Britain had come back in out of the cold.

Now the Blair administration faces in Europe the long haul. Will this new chapter turn out to be a success, for Britain and for Europe? It depends on the answers to four questions.

The first is what Britain wants. Walter Hallstein, the first president of the European Commission, outlined Europe's future 40 years ago with the phrase "customs union, economic union, political union." But Britain has always given every impression of wanting nothing more than a free trade area.

Robin Cook, the new foreign secretary, recently said he wanted "to make Britain a leading player in a Europe of independent states."

But that is not where Europe is heading. In 18 months the action will switch to an economic and monetary union of 11 member states — all the current members minus Britain, Sweden and Denmark, which do not want to join, and Greece, which cannot.

Among these countries, the Europe of the Eleven, economic and monetary union will mean a massive pooling of sovereignty, a major step to a confederal or federal Europe. For Britain much will depend on whether it says "We would like to join but we need first to get popular consent," or "We are not joining and do not know whether we shall want to." In the latter case, Britain will not be a player, leading or otherwise, but a spectator in the wings.

Second, in talking to his partners, how far will Tony Blair reveal a sense of history? The torch of history lights not only the dusty past but also the path ahead. Has he ever read the memoirs of some who started the European adventure — Jean Monnet, Walter Hallstein, Robert Marjolin? How can he understand the aspirations of those around the European table if he has not?

When he lectures the Continentals about the need for greater labor flexibility and deregulation, he makes some sensible points. But Continental social history is different from the Anglo-Saxon model. It has echos of Bismarckian social reforms, of Erhard and the German postwar social consensus, of the Popular Front and the role of the state in France.

Of course, the Continental model needs to be trimmed. But its inheritors will insist on keeping some sense of social cohesion, of consulting workers and treating them like human beings. They will never move over to a hire and fire, devil take the hindmost capitalism.

Third, how will the British ministers shape up in the numerous Council meetings in Brussels? Under previous governments, Tory and Labour alike, their record has mostly been poor. Many have felt and seemed about as much at home as Huckleberry Finn at the court as St. James.

To most of the new team, Brussels will be a foreign world. Traditionally, few British ministers have spoken a foreign language. When taking their seats in Brussels at Council meetings, they have greeted with irritation the quick exchanges in French across the table before the start of the meeting. In discussion they showed clearly that their understanding of the historical background to what their colleagues were saying was zero.

When they read out their briefs, written by civil servants in London, they gave the impression of painfully deciphering an Assyrian inscription. Their French colleagues in particular, far better educated at the great, meritocratic French schools, would habitually eat them for breakfast.

Fourth, will Britain look again at its attitude to the staffing of the European Commission? British politicians and Whitehall mandarins are defensive against what they perceive as a threat to their authority, and thus their attitude is one of arrogant and insular disdain.

No high flier now in Whitehall would dream of becoming a director general of the Commission, even if helping to formulate policy for a union of 370 million might be more influential than a top Civil Service job at home.

France, which also has a first-class career civil service, saw from the start where its interests lay and consistently sent to Brussels some of its best and brightest. The result has been that Britain's influence at the top of the European Commission's staff has been significantly less than that of France.

On the answers to these questions will depend Britain's power and influence in Europe. Either Tony Blair joins wholeheartedly in the construction of Europe, or he will find himself on the sidelines watching the Europe of the Eleven move from economic to political union.

The writer, a former representative of the European Commission in Washington, contributed this comment to the International Herald Tribune.

Netanyahu Has Angry Friends

By William Safire

TEL AVIV — You think Yasser Arafat and Benjamin Netanyahu don't trust each other? You think Ehud Barak, the Labor Party's new top man, and Prime Minister Netanyahu don't trust each other? Those fierce feelings are as nothing compared with the depth of distrust felt for one another by Bibi and almost all the longtime leaders of his own right-wing coalition.

Benny Begin, high-principled son of Menachem Begin, bailed out with a blast after the Hebron partial pullout. Moshe Arens, Bibi's longtime mentor who was frozen out the minute Bibi gained power, calls the trust factor his former protégé's "character flaw."

Last week the internecine warfare escalated with the induced resignation of Finance Minister Dan Meridor, a moderate Likudnik "prince" respected by intellectuals and the media, who had shown lukewarm support for Bibi during the ordeal of the "Bar-On affair." The day after Israel's Supreme Court closed that flimsy case, a financial policy crisis was precipitated and Mr. Meridor, overruled by Bibi, resigned.

After a year of wincing whenever he heard the prime minister ask, in English, how he could "control the spin," Mr. Meridor was glad to be able to erase his wimpish reputation with a gutsy departure. As Arik Sharon nearly put it, "Dan leaped out of a ground-floor window."

Mr. Netanyahu surely knows that Mr. Sharon trusts him as little as Mr. Meridor does. Exactly a year ago, after Mr. Sharon's help with the religious vote helped put him in office, Bibi tried to double-cross Arik with a minor post, and then had to create a ministry when friends of the white-haired lion of Likud threatened a revolt.

But now Bibi needs Arik's far-right influence again, and has — at this writing — slotted him into Mr. Meridor's empty Finance post. Clever maneuver: Out goes the irritating centrist on a policy pretext, and into that top slot goes the hard-liner whose straight talk is trusted by rabbis and Arabs.

Yet maybe not so clever. The waltzing-out of Mr. Meridor upset the one cabinet member Bibi cannot afford to lose, Natan Sharansky, whose party of immigrants has seven votes in the Knesset. Should the former Soviet dissident decide to take a walk, Bibi's government would fall.

And Mr. Sharansky is plenty sore. Not only were Bibi's promises to his constituents broken, but the promise to clear appointments — such as ambassador to Russia — through a Meridor-Sharansky filter was ignored.

He has one foot out the door. "Bibi takes us for granted. Because I am his friend, because I share his political vision, immigrants have to suffer?" He no longer trusts his friend and, no stranger to dissent, won't accept coalition discipline in Parliament.

When the irate Mr. Sharansky boycotted Friday's cabinet meeting, Bibi got the message. Mindful of his friend's own worries about Mafia-connection smears, he showered the absent man with more power to review appointments, the source of so much Netanyahu grief so far. That takes him past the current flap.

My purpose here is to illustrate what happens when one voter-friendly political leader dares to try to turn a parliamentary system, built on the British model, toward a presidential system adapted from the U.S. model.

Combined with a turn from Israel's semi-socialism, that is a wrenching systemic change. People who deride his personal ambition do not realize how ambitious is his goal.

His animus toward the establishment that launched him is a weakness. His relish in defeating it in detail is self-indulgent, the mark of the sore winner. Because his manipulation is so transparent, his spinning falls short of deft democratic deviousness.

He may fail. Israelis may decide that a greater concentration of executive power and diminution of splinter-party power is not right for them. Or they may be waiting for a leader who inspires more trust.

But if Mr. Netanyahu fails in this arena, "he fails while daring greatly," in Theodore Roosevelt's words.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: A Tragic Scene

PARIS — The *Temps* relates a tragic scene which was enacted yesterday [June 22]. A man named Eugène Gessel fired six revolver shots at his wife and mother-in-law. Both women fell to the ground seriously injured. Gessel and his wife were always quarreling about her illegitimate child and this led to the woman leaving her home to live with her mother. Gessel tried to persuade her to return to him. He then tried to obtain a divorce, but the authorities took no notice of his letters and this induced him to take the law into his own hands.

1922: Wilson Slain

LONDON — Field-Marshal Sir Henry Wilson was assassinated today [June 22] on the doorstep of his West-End residence, by two men in civilian clothes. Struck by three shots, he fell and died. The two men were arrested after a sensational running fight, in which they wounded two policemen, a taxi-driver and a child. The men are James O'Brien and James Connolly, both twenty-four. They refuse to make any statement, but documents found on them indicate that they are connected with the Irish revolutionaries.

1947: A Wait in Vain

NEW YORK — A former staff sergeant waited at the pier today [June 21] for a Swiss girl he had courted in Paris for two years, but the ship's surgeon met the ex-GI and stunned him with the news that the girl didn't love him any more and intended to marry the surgeon instead. "I'm sorry about this thing," Dr. Tirman told the youth. "Jeanette is going to marry me." Later the doctor told reporters that the couple had requested a marriage ceremony at sea but that the request had been refused.

هكذا من الأصل

LANGUAGE

Takeover, Handover or Reversion?

By William Safire

WASHINGTON — "Where you stand depends on where you sit" is a political adage. In the same way, where you stand often determines the word you choose. Take the impending transfer of Hong Kong on July 1, after the British lease on the island territory runs out.

If you look at the change as a legal seizure by China, you tend to use the grabby noun *takeover*, with its hostile connotation based on American finance. "This is an area that views the *takeover* of Hong Kong by China," an old Asia hand told a financial reporter this month, "as the end of the Opium War started in 1850."

If you think of it as a British action, more of an old empire's giving than a new empire's taking, then you are likely to prefer *handover*. "Businessmen . . . involved in Hong Kong's *handover*," noted a New York Times dispatch from Shanghai, "say they must try to bridge the gap." In The Wall Street Journal, the British governor urged the United States not to impose trade restrictions "after the *handover*." He also used another term: "after its *reversion* to Chinese sovereignty."

If you are eager to make obeisances to the Chinese, who want it remembered that the ancient city spent only 150 years under the British flag, then you use the word Beijing prefers: *reversion*, which means "going back to a former state."

If you want to be scrupulously neutral and are attracted to the colorless, you use *return*.

In the past year, The New York Times chose *return* about half the time, *takeover* a fourth, *reversion* and its variants a little less than a fourth and *handover* about 5 percent. (Zero for *relinquishment*, a word that reveals more of a pedantic affectation than a political slant.)

□

"Lying prone on beds or cots" was the caption of a drawing in Newsweek showing a body lying toes upward, accompanying its coverage of suicides in the "Heaven's Gate" cult near San Diego.

"I sent a rather cranky complaint to Newsweek," reports Donald Crosby of Springfield, Virginia, "that it had incorrectly used the word *prone* to describe the terminal position of the suicide victims."

Which you use to refer to Hong Kong depends on where you sit.

The magazine responded: "While your suggestion, *supine*, would also have been correct, our use of *prone* was based on the meaning 'lying flat or prostrate, in a horizontal position' given in Webster's New World Dictionary. . . . We stand by our usage, though we appreciate your concerns."

Crosby is not placated. "When my drill instructor screamed at me to assume the *prone* position when I was firing the M-1 rifle in 1945," he writes, "his physical well-being (and mine) would have been jeopardized had I arbitrarily chosen to fire my M-1 in the *supine* position on the assumption that *prone* and *supine* are synonymous."

They are not. Newsweek chose to cover its error by pointing to the Webster's New World second, or fuzzy, definition, ignoring its first: "lying or leaning face downward."

Moreover, in a note about synonymy, the dictionary reports that "*prone*, in strict use, implies a position in which the front part of the body lies upon or faces the ground; *supine* implies a position in which one lies on one's back." WNW goes on to illustrate the latter with "he snores when he sleeps in a *supine* position," an observation with which my wife grimly agrees. (A pillow acts as a kind of muffler when one snores in a *prone* position, but it makes it hard to breathe.)

Supine has another sense of "mentally or morally inactive; listless." That does not describe the irate Crosby, a retired university professor, who asks: "If *prone* and *supine* can be used interchangeably, what's next? *Infer* and *imply*? *Loan* (the noun) and *lend* (the verb)? Will *hot* and *cold* become synonyms, with their once-specific qualities regulated by the subjective caprice of the user?"

Nosirree, professor, not with MASS — Mothers Against Semantic Shift — manning the ramparts. Only recently, at a meeting of the Judson Welliver Society of Former White House Speechwriters, an editor of The New Yorker assured me that his publication will never again confuse *flaunt*, "to make an ostentatious display," with *flout*, "to show scorn." The good usage fight is always worth fighting.

New York Times Service

BOOKS

FRITZ LANG: The Nature of the Beast

By Patrick McGilligan. 548 pages. $30. St. Martin's.

Reviewed by Robert Sklar

WAS Fritz Lang the greatest director of the movies' first century? He rates consideration for that honor as one of the medium's master stylists, whose tragic vision encompassed human grandeur and folly.

He forged two remarkable careers — first as a leading light of pre-Hitler Germany's legendary film industry, with works such as "Metropolis" and "M"; then over several Hollywood decades (in a new language and citizenship), with American classics from "Fury" to "The Big Heat." Many film notables have chosen emigration or been forced into exile — among directors, think of Hitchcock, Bunuel, Wilder and many more — but Lang's dual achievement at home and abroad was perhaps unique.

It's unlikely, however, that he would get Patrick McGilligan's vote. With this work McGilligan further strengthens his status as an outstanding film biographer, combining felicitous writing with an expert's command not of celebrity gossip but of movie history. But more than in previous books (on Jack Nicholson, George Cukor and Robert Altman), his subject here poses the challenge of reaching out to readers who are not buffs or specialists.

Thus the subtitle: "The Nature of the Beast." Lang's beastly nature cast a wide net. He was a toady to superiors, according to McGilligan, and a tyrant to everyone under him. He was notorious for working his film crews long hours and refusing them meal breaks, while he was surreptitiously supplied with coffee, pep pills and secret snacks.

That's just the everyday Lang. Then there are the major issues. He was, says McGilligan, a mythomaniac, an obsessive publicity hound who created triumphant fables starring himself while relegating troublesome past events to oblivion. Most prominent among the latter was the sensational death of his first wife, who was completely obliterated from all subsequent authorized accounts of his life. In Berlin, in 1920, she discovered Lang and his scriptwriter Thea von Harbou in intimate embrace, then died from a gunshot wound later the same day. The death was ruled a suicide, but Lang-haters darkly suspected his involvement.

OF considerably greater historical significance was Lang's story, which the director began telling during World War II, that in 1933 Goebbels had offered him leadership of the Nazi film industry. He claimed to have fled to Paris on that very day. In recent years scholars have demolished the second part of this tale, having discovered multiple border-crossings stamped in the director's passport, which was deposited after his death in a German archive.

McGilligan's further gloss is that Lang, prominent among Hollywood's anti-fascists, may have demonstrated Nazi sympathies prior to 1933. Von Harbou, for instance, whom Lang married in 1922 and who scripted the director's great films of the 1920s, was a stalwart Nazi and a leading writer-director of Third Reich movies. (They divorced in 1933, after Lang's departure.)

Was Lang blowing hot air with this oft-repeated legend? Goebbels publicly admired "Die Niebelungen" (1924), the director's epic version of the Nordic saga. But he also knew that Lang had Jewish ancestry. Born in 1890 in Vienna to a Catholic father and a Jewish mother, Lang was raised a Catholic, to which religion his mother converted when he was 10. McGilligan's treatment of this sensitive subject leaves a gap, to my mind, by reporting every reference to "the Jew" Lang without offering his own considered judgment on what such racial (or racist) typing signifies, when its target is a man baptized in infancy, who always regarded himself as a Catholic.

From so astute a film historian one also wishes some relative ranking of Lang's faults alongside those of the movie world's many other ogres and tale-spinners. And while the author makes insightful analyses of Lang's films, the focus on personal transgressions ultimately precludes full acknowledgment of what the man achieved. Such a beast could never be the greatest.

Robert Sklar, who teaches cinema studies at New York University and is author of "Film: An International History of the Medium" and other books on film, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

PLAYING in the World Bridge Federation's Worldwide Pairs, Joe Livezey and Connie Goldberg, were North and South in the diagramed deal. They collected 86 predetermined points out of a possible 100 by bidding and making a slightly optimistic six spades. A trump lead would have been unpleasant, removing a crucial entry from the dummy, but West led the diamond queen.

Goldberg won with the king and led the heart queen. East took the ace, and could choose to attack any of dummy's three entries. Whatever he did, South could ruff a heart and eventually score dummy's fifth heart to make the slam.

The official analyst made an interesting point in the official booklet. The slam will be defeated, he suggested, if a defender has four hearts headed by the ace-jack or ace-ten or ace-jack-ten and holds up when the queen is led.

This is not necessarily true, however, if West has one of those holdings. Switch the heart two and the heart ace in the diagram and South can survive the duck of the heart queen. One way, if she is sure that the heart ace is on her left, is to overtake with the king and gain an entry. But that is not the only way. Instead, after winning the heart queen, she can cross to the spade jack, ruff a heart and draw trumps, throwing clubs from the dummy.

Then she leads a diamond, and maneuvers to lose a diamond trick to West. If West plays an honor, he is allowed to win. If he plays low, South takes the ace in dummy, ruffs a heart and gives up a diamond. In either case, West can eventually be squeezed in hearts and clubs.

NORTH
♠ J
♡ K 9 8 5 4
◇ A 5 4
♣ A 8 6 4

WEST (D)
♠ 8 6 2
♡ 10 6 3 2
◇ Q J 10 6
♣ K 2

EAST
♠ 5 3
♡ A J 7
◇ 9 8 7
♣ J 10 8 7 3

SOUTH
♠ A K Q 10 9 7 4
♡ Q
◇ K 3 2
♣ Q 5

North and South were vulnerable. The bidding:

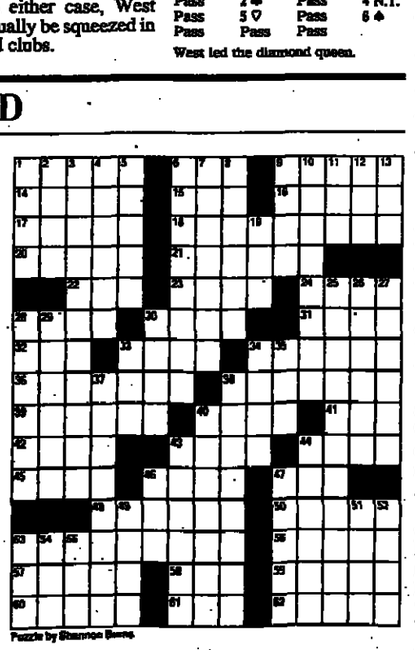
West	North	East	South
Pass	1 ♡	Pass	1 ♠
Pass	2 ♣	Pass	4 N.T.
Pass	5 ♡	Pass	6 ♠
Pass	Pass	Pass	

West led the diamond queen.

CROSSWORD

ACROSS
1 Deep sleeps
6 Abbr. before an alias
9 Fragrant oil
14 ——-garde
15 Steal from
16 Push roughly
17 A Roosevelt
18 Afflicted with strabismus
20 Traffic tangle
21 The first "H" of H.H.S.
22 Quitting event
23 Cautious
24 Open a bit
26 Garbage barge
30 Come down
31 Clinton's #2
32 Sigma follower
33 Blue birds
34 Grown-ups
36 Snares
38 Shooting marble
39 Bill settlers
40 Coating metal
41 "Are we there ——?"
42 They're exchanged at weddings
43 Building block company
44 Goofs up
45 Of ships: Abbr.
46 Second-year student, for short
47 Not a beginner
48 Get down from a horse
50 Thesaurus compiler
53 Show with Richie and the Fonz
56 Dancer Astaire
57 Banish
58 Gun grp.
59 Brusque
60 "For —— sake!"
61 Opposite NNE
62 Industrial city of Germany

DOWN
1 Long-running Broadway show
2 Turkey roaster
3 Paul Reiser/ Helen Hunt series
4 President Jackson or Johnson
5 Do, as hair
6 Architectural frames
7 Ones with Seoul custody?
8 "All ——!" (conductor's cry)
9 Helper: Abbr.
10 Where Dutch royals live
11 Plaything
12 "—— Mama"
13 Like Time's border
19 Crafty
25 Pirate flags
26 More pretentious
27 Bowling alley buttons
28 Enter
29 The Great White North
30 Swimmer's regimen
33 Place for pickles
34 —— time (never)
35 Nov. follower
37 Fasten papers again
38 Visited tourist places
40 Gentle breezes
43 "—— Run" (1976 sci-fi film)
44 Wears away
46 Rock singer Vicious
47 Chatter
49 Caustic solutions
51 Otherwise
52 Adolescent
53 Wise, man
54 Chop
55 Orchestra's location



Puzzle by Shannon Bowe

Solution to Puzzle of June 20

G	E	H	A	R	P			O	R	A	C	L	E
I	C	E	P	A	L	L		T	H	R	O	E	S
B	A	L	L	P	E	E	N		H	E	P	C	A	T
I	R	E		S	A	G	E	T	E	A		A	C	E
N	I	N	E		S	A	V	O	R		A	C	H	E
G	R	A	S	P		L	E	O		P	R	O	E	M
			P	A	P	E	R	T	R	A	I	L	S	
		S	A	R	G	A	S	S	O	S	E	A		
	R	U	M	S	A	G	A	I	N	S	T			
C	A	N	O	E		L	Y	E		E	T	U	D	E
B	I	L	E		P	E	D	R	O		A	P	I	A
D	E	C		V	I	S	I	O	N	S		W	A	S
M	O	V	E	O	N		E	L	E	P	H	A	N	T
P	U	E	R	T	O			L	U	C	E	R	N	E
S	T	R	E	E	T			P	A	N	D	E	R	

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INTERNATIONAL

SMOKING: *Breaking Tradition*

Continued from Page 1

Kluger, whose 1996 chronicle of America's cigarette wars, "Ashes to Ashes," prescribes a settlement virtually identical to the one announced Friday. "But the cigarette itself may become much less of a killer."

The 68-page agreement — which still must be approved by President Bill Clinton and Congress — proposes to govern everything from how much nicotine is in a cigarette to how much tobacco companies would have to pay in fines if teenage smoking does not decline precipitously.

By increasing cigarette prices as much as $1 a pack, the companies would raise money to compensate smokers for cigarette-related illness, reimburse states for their smoking-related medical expenses, pay for health insurance for children who lack coverage and finance anti-smoking campaigns. The plan would tag cigarette packs with bigger, bolder warnings and drastically reduce the industry's marketing, eliminating the Marlboro Man, Joe Camel, product placement in movies and sponsorship of sports events.

But the most audacious aim of the deal is to freeze and eventually supplant the deep cultural affinity for tobacco in the United States, to so stigmatize the cigarette that, 500 years after European explorers picked up the habit from American Indians, the allure of smoke would no longer symbolize individualism, sophistication and romance.

"The tobacco industry spent close to $50 billion in the past 20 years on image," said Gregory Connolly, the physician who is director of the Massachusetts Tobacco Control Program, the nation's most aggressive public anti-smoking effort. "To think that a ban on Joe Camel and billboards is going to undo that is naive. This is an investment that's going to have a long-term effect."

Under the agreement, the elimination of the addictive chemical within tobacco will be possible in 12 years — a development that cigarette makers have warred against for decades, even as they quietly prepared for it.

A decade ago, Philip Morris Companies spent more than $300 million on a factory designed to remove nicotine from cigarettes much like decaffeinating eliminates that drug from coffee. The resulting product, DeNic, flopped in test marketing: Without the nicotine kick, the cigarettes had all the appeal of smoking wheat.



Lionel Wolton, Agence France-Presse

The attorney general of Mississippi, Michael Moore, center, walking with his counterpart from Arizona, Grant Woods, and Washington's attorney general, Christine Gregoire, to announce the deal on cigarettes.

But in Chattanooga, Tennessee, R.J. Reynolds Tobacco Co. is testing the opposite approach with Eclipse — all the nicotine and almost none of the carcinogens. Smokers say it tastes like an "ultra-light" brand — and far better than the company's earlier low-smoke effort, the disastrous Premier.

The new battlegrounds will be here — pitting tobacco industry-financed public health campaigns against the industry's own new products — and on the nicotine front.

Reducing the amount of nicotine in cigarettes — and perhaps eliminating it entirely — may create a new form of American addict, anti-smoking activists warned. "We'll have nicotine addicts who rely on the very things we use to wean people from smoking — patches, gum, nasal sprays," Dr. Koop said. "But if you eliminate the smoke and the carcinogens, you're ahead of the game."

From the perspective of the tobacco companies, the settlement — coming after 33 years of devastating publicity — is a chance to cleanse their multinational, diversified conglomerates of the lingering odor of cigarette smoke.

In the case of Philip Morris, which makes everything from Kraft Macaroni and Cheese to Miller beer, more than half its business is outside the United States. Tobacco provides a gusher of cash that keeps the companies healthy. If the settlement dramatically reduces the danger of massive judgments against the cigarette makers, their stocks are expected to shoot up in value.

And to counter the expected onslaught of anti-smoking messages, the industry can rely on the proven staying power of this century's pro-cigarette images and slogans. Just think of the television ads that are part of the American vocabulary 26 years after they were banned.

Some anti-smoking crusaders worry that warning labels and educational ads may actually backfire. In Massachusetts, for example, teenage smoking rose by 10 percent in the first three years of an anti-smoking campaign.

From the mid-1970's decision by Johnny Carson to hide his cigarette under his television desk, to the 1990s phenomenon of smokers standing alone, staring into the sidewalks as they huddle outside office buildings, the stigmatization of smoking has reached an apparent zenith.

The United States has become an "island of extremism" on tobacco control, said the chief executive of Philip Morris, Geoffrey Bible. Cigarette manufacturers are free to seek easier profits in more friendly foreign markets, such as Europe, where airplanes and restaurants still choked with smoke elicit nary a complaint, or Asia, where the smoking population is still expanding.

KOREA: *Radical Students Lose Support*

Continued from Page 1

Koreans barely noticed media reports about the hunger strike.

Public disenchantment with the radicals heightened recently after students reportedly admitted that they had beaten two men to death while interrogating them about accusations that they were police informants.

The students apparently did not intend to kill either man, but tortured them so brutally that they died of internal injuries. It is not clear whether the men were indeed informants.

"As long as what the students are doing is positive and acceptable, it's O.K., but violence and killing are not O.K.," said Kim Sang Ho, 65, head of a construction firm. "Their radical ideology is isolating them."

Kim Dae Jung, the main opposition leader in South Korea, called this week for the radical students to disband voluntarily and start afresh. Other dissidents are echoing the call, and the government says it will outlaw this particular radical group in August.

The organization, called Hanchongnyon, is a national group made up of the student associations of 155 universities across South Korea. In recent weeks, about 35 student associations have said they intend to withdraw from the national umbrella, mainly because they disagree with the extreme direction and the violent tactics it has adopted.

One of the challenges for the students is that they are steeped in the idea that their college years should be spent protesting, but the longtime aim of democracy is basically attained. So now the radical students are striving for reunification with North Korea on North Korean terms.

They preach the teachings of Kim Il Sung, the North Korean leader who died in 1994, and they uphold communist values of class struggle.

But their new goals are too extreme for the masses, and even many students find it difficult to work up much enthusiasm for North Korea as it undergoes an economic crisis and severe hunger.

Once students enter the movement, however, it is difficult for them to break away, said Park Hong, a Jesuit priest and former dean of Sogang University. "They are like fanatics of a religion," he added.

Their recruiting methods are quite sophisticated. For instance, when students begin college, they are sometimes given two bills — one for tuition and the other for entry into the student association, with a notice of the orientation trip.

Most pay the bills together and end up joining the field trip orientation, which is not a school-sponsored outing, but a recruiting session, with pro-North Korean chants and songs and an evening filled with propaganda sessions.

The leaders of student groups are elected, and so the radicals often battle with moderates. Yoo Myong Jong, 23, a theology student who is vice president of the student association at Yonsei University, is trying to redirect the once-radical student movement at his college.

He proposed that his group withdraw from the radical student organization. When some members protested and demanded an open hearing, he held one in front of the public library in Seoul and defended his beliefs.

In the end, his association decided not to break with the national group, but it declared its disapproval with the group's radical principles and tactics.

Karl Ridderbusch Dies at 65; Bass Noted for Wagner Roles

The Associated Press

VIENNA — Karl Ridderbusch, 65, who gained fame bringing the heroes of Wagner's operas to audiences worldwide, died Saturday of heart disease in Wels, Austria.

Mr. Ridderbusch, whose voice was once praised by Herbert von Karajan as "the most beautiful bass voice in the world," had been ill for many years.

He was trained to follow his father as an engineer at a brickwork in his native Germany, but turned to music when he entered a singing contest as a young man, the news agency Austria Presse-Agentur said.

In the 1960s and 1970s he toured the opera and concert houses of Europe and North America, and was especially noted for his interpretations of Wagner, Baron Ochs in Richard Strauss's "Rosenkavalier," and King Philipp in Verdi's "Don Carlo."

Lawrence Payton, 59, Vocalist Who Led Motown's Four Tops

NEW YORK (NYT) — Lawrence Payton, 59, who sang with the Four Tops for more than four decades, died Friday of liver cancer at his home in Southfield, Michigan, Abdul Fakir, a Four Tops member, said.

The Four Tops were one of Motown's most forceful groups. From 1965 to 1974 nearly 30 of their singles reached the pop charts, and they continued to make hits into the '80s.

Mr. Payton was born in Detroit and grew up there. In 1953 he joined Levi Stubbs Jr., Renaldo Benson and Mr. Fakir in a group they called the Four Aims. They changed the name to the Four Tops when Chess Records signed them in 1956. They signed with Motown in 1963, and, with Mr. Stubbs's exhortatory lead vocals, began a string of hits, beginning with "Baby, I Need Your Loving" in 1964.

Fidel Velazquez, 97, Patriarch Of Mexican Labor Movement

MEXICO CITY (AP) — Fidel Velazquez, 97, the iron-fisted patriarch who dominated Mexico's union movement since the late 1930s and helped keep the ruling party in power, died Saturday after being hospitalized for severe gastrointestinal infections.

Often criticized for his authoritarian grip on a labor movement he steered largely along pro-government lines, Mr. Velazquez typified a style of politics that may not outlive him

Ten presidents came and went during his tenure, and he had a big hand in getting seven of them elected. His strike threats were usually bargaining chips in the struggle for power within the Institutional Revolutionary Party.

BRIEFLY

Cease-Fire Broken In Congo Republic

BRAZZAVILLE, Republic of Congo — Gunfire and occasional shells were heard Sunday, violating a cease-fire that the secretary-general of the United Nations, Kofi Annan, says is necessary so that an intervention force can arrive here.

After several days of relative calm, government troops and militia forces resumed fighting around the capital of this central African country that has been devastated by heavy combat. Sporadic gunfire continued into the morning.

Mr. Annan wrote to the UN Security Council on Saturday, recommending that at least 1,600 troops, plus military observers, be sent to secure the city airport. But he stipulated that the warring sides would first have to promise to abide by a cease-fire and try to resolve the crisis peacefully.

Both sides agreed to hold their fire for 72 hours as of midnight last Tuesday. On Friday night, the mayor of Brazzaville, Bernard Kolelas, brokered a last-minute seven-day extension to the cease-fire. *(AP)*

A French Woman Is Slain in Algeria

PARIS — The body of a murdered French woman has been found in a well in the Algerian village of Bouzeguene, 90 kilometers east of Algiers, an Algerian newspaper said Sunday.

The 55-year old woman, married to an Algerian, had regularly spent her holidays in the Berber village, said Liberte newspaper, quoting local residents. It said the woman was killed "some days ago."

Her suspected murderer had been arrested as he was trying to flee to neighboring Libya, the newspaper said.

It was not clear whether the murder was linked to the fighting that has pitted Muslim guerrillas against the government. *(Reuters)*

Many Brazilians Can't Cite Leaders

RIO DE JANEIRO — One-fifth of voters in the greater Rio de Janeiro area cannot name Fernando Henrique Cardoso as the president of Brazil, according to a poll published Sunday.

The survey, conducted by the Rio think tank Getulio Vargas Foundation, also found that 30 percent of the 1,578 people surveyed could not identify the Rio state governor, Marcelo Alencar, and that 31.5 percent could not name the mayor of their municipality.

The survey was conducted between December 1995 and August 1996, but the results were not released until Sunday in the Rio daily newspaper, Jornal do Brasil. It did not give a margin of error.

Pollsters were baffled by the results since 97 percent of the respondents had a television and regularly watched the news. *(Reuters)*

CAREERS

More Flexibility, Less Fatigue: U.S. 'Cure' Works

By Susan J. Wells
New York Times Service

NEW YORK — Last year, Tim Perry was approaching burnout. As a laminator operator for a packaging company in Edinburgh, Indiana, he had been routinely logging 12-hour days, seven days a week, for five years. The schedule left hardly any room for family obligations and dashed his hopes of someday going back to school.

"I felt like my kids grew up during that time — without me knowing them or them knowing me," Mr. Perry, 36, said. "The job was eating me up, both physically and mentally. I knew I had to make a change."

Then he heard about a plant that was promising a 30-hour workweek — at 40 hours' pay.

"I'd never heard of anybody giving away 10 hours of pay for free," Mr. Perry said. He applied and landed a job working from midnight to 6 A.M., five days a week, at Metro Plastics Technologies Inc., a 200-employee company based in Noblesville, Indiana.

He can now spend more time with his wife and two teenage children, and he is working toward a college degree in business administration.

"The 30-40 schedule is a great deal," Mr. Perry said.

The company is happy, too. The new schedule is a recruiting tactic, one of several used by American companies in areas of low unemployment to get and keep workers. The results, according to companies using such strategies, include increased productivity, lower turnover and higher morale.

Since Metro Plastics started the schedule last July, the plant manager, Sam Morris, has filled 30 job openings and has nearly 300 applications from qualified workers on file.

Last year, Mr. Morris said, "We couldn't find any qualified workers. We were seriously understaffed, and ads we placed got next to no response."

With a state unemployment rate averaging 3.1 percent in the first four months of 1997, he said, the plant had to do something.

Shorter workweeks at full pay are still an exception in American business, but they are not new. Kellogg Co., in Battle Creek, Michigan, put a similar plan in place in the 1930s. More common, however, are compressed workweeks — four 10-hour days, for example — as well as flexible working hours and job sharing.

Companies see these plans as cures for staffing problems and the growing conflicts that employees feel between work and personal time.

In large part, the trend is a reaction to labor shortages. The U.S. unemployment rate dropped to 4.8 percent of the work force in May, the lowest since 1973. And more than 100 of the 272 metropolitan areas tracked by the Bureau of Labor Statistics are reporting unemployment rates below 4 percent. All 12 districts reported trouble attracting and retaining qualified workers, according to the Federal Reserve's May report on economic conditions.

Sixty-eight percent of 1,050 employers surveyed by Hewitt Associates, a consulting firm in Lincolnshire, Illinois, offered flexible scheduling in 1996, up from 53 percent five years ago. And compressed workweeks are under consideration or development at 12 percent of companies without such programs, according to a poll of 800 companies by William M. Mercer Inc., a consulting firm based in New York.

Ralston-Purina Co., based in St. Louis, saw improvement in morale after it began a program Jan. 1 that allows flexible scheduling for its 2,500 headquarters and sales employees. The plan encourages employees to feel comfortable about going to managers with flexible work options.

"We increasingly realize that employees aren't signing up for a job for life," said Ron Sheban, vice president at Ralston-Purina. "And conversely, we may not be able to promise them one, either. What we can offer is a number of options to make their work life more manageable."

Shorter workweeks are inevitable for two reasons, says Jeremy Rifkin, president of the Foundation on Economic Trends in Washington, in his book, "The End of Work."

Labor-saving technology is cutting jobs and work hours, he says, and society is demanding more balance between work and family life.

Detroit Papers Ordered To Rehire 1,000 Strikers

Compiled by Our Staff From Dispatches

DETROIT — A U.S. labor judge has issued a sweeping ruling in favor of more than 1,000 former Detroit newspaper workers, finding that the Detroit News and the Detroit Free Press had engaged in unfair labor practices in forcing a 19-month strike, and ordering the two dailies to put the strikers back to work, even if that means laying off replacements.

Tens of thousands of former Detroit newspaper workers and their supporters marched in favor of the ruling Saturday, a day after an administrative law judge, Thomas Wilks, issued the order. But the newspapers will not be required to rehire any strikers while the ruling is under appeal, which could take months or years. Detroit Newspapers Inc., the operating agency for the two separately owned dailies, said it would file an appeal.

Judge Wilks upheld a complaint from the Detroit regional office of the National Labor Relations Board that Detroit Newspapers Inc. had bargained in bad faith on economic matters, failed to provide the six striking unions with information they needed to bargain effectively and had imposed unilateral merit pay changes without bargaining with the unions.

The companies had argued that the strike was over purely economic issues, which are not subject to unfair labor practice rulings.

The strike started July 13, 1995, when 2,500 workers walked out. In February, the unions made an unconditional offer to return to work. The papers rehired 225 workers but refused to displace those hired during the strike, including several hundred former strikers who crossed picket lines.

(NYT, AP)

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THE INTERMARKET Continues on Page 13

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As Air Show Ends, Paris Leaves Privatization Route Uncharted

By Barry James
International Herald Tribune

PARIS — In a speech that had been impatiently awaited at the Paris air show, which ended Sunday, Prime Minister Lionel Jospin called for closer aerospace cooperation in Europe.

But once again, Mr. Jospin offered no clue whether his government would agree to privatize French aircraft and military industries.

The sale of the state-owned aircraft maker Aerospatiale and its merger with privately owned Dassault Aviation has been regarded as a prerequisite for restructuring the European Airbus consortium.

Airbus, which is owned by aircraft industries of France, Germany, Britain and Spain, is trying to turn itself into a single corporate entity.

But the nationalized status of Aerospatiale and its reluctance to hand over its assets to the proposed corporation are stumbling blocks.

"Our partners will not accept us unless we have the same status as they do, that is to say private," said Serge Dassault, president of Dassault Aviation.

Mr. Jospin heads a left-wing coalition government that opposes privatization.

This has cast doubt on a sale of Aerospatiale as well as of the military electronics company Thomson-CSF.

In his speech Saturday at the Le Bourget air show, Mr. Jospin said that restructuring an industry employing 100,000 people "cannot be done without the state."

But he did not directly address either the Aerospatiale or the Thomson issue.

Mr. Jospin said restructuring must be carried out from the first stages within a European framework. "No future program, whether it be civil or military," he said, "can from now escape the imperative of cooperation."

However, he added that his government needed time to study the issues before making decisions. "I know the delays," Mr. Jospin said. "I am weighing the stakes. I know the deadlines."

Over 20 years, Airbus has designed and produced a range of airliners able to challenge Boeing Co.'s dominance of civil aviation.

But to achieve its aim of winning half the sales, it needs to break Boeing's stranglehold on the jumbo airliner market by going ahead with a projected 550-seat jet.

Restrictions on the amount of government money it can receive to get started means that it must seek outside capital as well as international partners for the $9 billion project.

Vance Coffman, who will become chief executive of Lockheed Martin Corp. in August, said that he, for one, would not become a risk-sharing partner with Airbus as long as it was linked to the state.

Like the stormy weather that hovered overhead much of the week, the mood at the air show was unpredictable. The aerospace industry is out of recession but not yet out of the clouds as it faces more consolidation and downsizing.

"There are so many suppliers," said Graham Thornton, strategy director for Smiths Industries, "and so few programs."

Boeing and Airbus reported receiving only a third as many orders during the show as they did two years ago. This supported indications that orders have slowed after a euphoric year in which airlines ordered more than 1,000 aircraft with 100-seat capacity or more.

Airbus came out ahead with an announcement that Northwest Airlines planned to buy 50 of its smallest A319 jets — worth an estimated $2 billion — and would take an option for a further 100.

The European consortium sold 12 A320 jets to Finnair, with options for another 12, and broke the dominance of McDonnell Douglas in that market.

It scored a breakthrough in Latin America by selling five of its widebody A330 airliners to the new Brazilian airline TAM, with options for five.

Boeing, meanwhile announced sales of 21 aircraft, including the confirmation of options for five 777s by British Airways, a longtime customer.

Observers said Boeing was uncharacteristically low-key at the air show. Its new 737-700 twin-engine jet stood among the parked aircraft all week while the rival Airbus A319 flew in displays every day.

This is a politically delicate time for Boeing, which faces anti-trust hearings in the United States and Europe over its plan to absorb McDonnell Douglas.

New Wealth Is Uneven in Argentina

Rich-Poor Gap Wider In the Free-Market Era

By Anthony Faiola
Washington Post Service

BUENOS AIRES — In the chic Recoleta district here, Cartier and Tiffany are the latest signs of Argentina's new era of private enterprise. But across town are other signs — like the one in the hand of a hunger striker, Cristian Flores, 24, demanding that President Carlos Menem curb such changes.

"The rich are getting richer, and we've become the forgotten people again," said Mr. Flores, a teacher from the country's poor rural provinces who is helping lead a popular hunger strike at the steps of Congress.

The protesters, on the heels of two months of the most violent anti-government demonstrations of the decade here, have lured soccer stars, celebrities and schoolchildren to join in exposing the gaps in Argentina's new prosperity. The protests underscore increasing tension below the surface of South America's move toward free-market economies during the 1990s.

Workers here and in other South American countries have become disillusioned with government promises that rewards from the new economic policies would trickle down to the lower classes. They are making their frustrations known in violent outbursts.

For the United States, the success of these policies is important — not only because U.S. firms have millions of dollars invested but because of the perceived link of these plans to democracy and stability south of the border.

Mr. Menem and his then-economic minister, Domingo Cavallo, did an about-face on Argentina's long-standing policy of state ownership and economic isolationism beginning in April 1991 by putting up for sale virtually every government-run company and encouraging foreign investors. To curb wild inflation, they installed a convertibility plan that fixed the Argentine peso to the U.S. dollar. Together, the measures lured investors from all corners of the world, who ignited the engines of the Argentine economy, sparking the strongest economic growth the nation had witnessed in decades.

Right now, that performance is showing signs of stress. In contrast to slickly dressed businessmen who tote cellular phones in both hands as they cruise the streets of central Buenos Aires, mobs of unemployed workers who once labored for state-run industries continue to block roads in Jujuy, a poor, rural state on the Bolivian frontier. In the western state of Neuquen, which bore the brunt of a layoff of 45,000 state oil workers, a woman was killed in a clash with police.

Mr. Menem said in a recent discussion with foreign correspondents that the country would try to jump-start large infrastructure programs to create more jobs and increase social assistance programs, but added that he would not veer from the current economic path.

"Nor will we accept the criminal methods that are being used" by the protesters, he added. "We will take the necessary steps to make sure that any demonstrations here will be done in a lawful manner."

Mr. Menem, whose Peronist party faces difficult congressional elections in October, hardly is alone in dealing with frustrated workers in South America.

Critics say the millions of dollars generated in South American nations from privatization — from telephone companies to oil industries and perhaps eventually in Argentina the postal service — is still overwhelmingly concentrated in the hands of foreigners and the old, ruling elites.

Meanwhile, many argue that the transition to free markets in some parts of the region has happened too quickly: Private industry simply cannot grow quickly enough to absorb hundreds of thousands of workers laid off as private investors trim the fat from companies that were once state-owned.

For instance, in Argentina, accustomed to the highest standard of living in South America, unemployment has soared to almost 18 percent, up from 7 percent before the economic shift six years ago. Much of that increase came from privatization and government downsizing.

Today, the federal government employs 300,000 people, compared with 1 million in 1991. The hottest joke on the streets these days refers to a recent visit by the magician David Copperfield — the *portenos*, as residents of the capital and port are called, say he begged President Menem to teach him how to make an entire middle class disappear.

"The huge profits from privatization are not reaching the average person,"

See ARGENTINA, Page 13



Zonada Diaz/Reuters

Some of a group of 38 teachers on a hunger strike in front of the Congress in Buenos Aires marching toward the Casa Rosada government house.

Hong Kong Braces for A Sell-Off

New Rules by Beijing Worry Stock Market

Compiled by Our Staff From Dispatches

HONG KONG — Investors were bracing for a sell-off on the Hong Kong Stock Exchange on Monday after China announced it would tighten control of overseas listings of mainland firms.

The State Council announcement late Friday came only hours after Hong Kong's Hang Seng index posted a record close at 15,154.36, up 4.47 percent. Analysts said the move was aimed largely at "red chips," Chinese-controlled companies listed in Hong Kong.

Hong Kong's red chips have soared over the past year, in part because investors bet billions of dollars that the listed companies would be future beneficiaries of cheap asset injections from their mainland parents.

Chinese authorities gave few specifics on the proposed clampdown except to warn of "tough penalties" for companies found to be violating regulations.

If enforced, any rules curbing the transfer of underpriced assets to foreign-listed companies could rattle Hong Kong investors' confidence in the mainland-controlled red chips.

"It was going to happen sooner or later," said Geoff Galbraith, institutional sales trader at NAVA SC Securities. "The aim is to control their assets."

The Xinhua news agency said Chinese-controlled companies planning to sell shares abroad would be checked by Chinese securities organizations, which would then report to China's main stocks watchdog, the China Securities Regulatory Commission.

Chinese companies will only be eligible to issue stocks abroad if they have had their assets in China for more than three years.

Analysts said that, with only 10 days to go before Hong Kong's return to China, they were surprised by Beijing's timing. But some said the new rules would help the market in the long run.

"There is a frenzy over buying red chips. It is just like a bubble — if there is no regulation the bubble will burst," said Patrick Chia, research director at China Everbright Research. "With stricter regulations hopefully share prices can correct to a reasonable level."

(AFP, Bloomberg, Reuters)

Wham! Pow! Icahn Ousts Perelman at Marvel Entertainment

By Floyd Norris
New York Times Service

NEW YORK — Bondholders led by Carl Icahn have taken control of Marvel Entertainment Inc., seven months after they erupted in anger over a proposal that would have frozen them out while leaving control with Ronald Perelman, the financier who had overseen the comic book and trading card company while it first prospered and then fell into bankruptcy.

On Friday the bondholders took control of Mr. Perelman's stock, which had secured the bonds, and promptly replaced the board Mr. Perelman had chosen. Mr. Icahn became the new chairman. A former Marvel executive, Joseph Calamari, will head a transition team to run the company. The current chief executive, Scott Sassa, is expected to resign. Mr. Sassa joined Marvel only last fall.

"The bondholders have now been vindicated," Mr. Icahn said. "This is a great day for Marvel Entertainment and those of us who want to help this once great company emerge from Chapter 11 and make the most of its superb characters."

The move came after a bankruptcy judge in Delaware refused to block the action. Efforts by Marvel's board to get another judge to intervene were unsuccessful.

The victory for Mr. Icahn, who bought a large stake in the bonds after they plunged in value in November following disclosure of a reorganization plan backed by Mr. Perelman, effectively severs Mr. Perelman's ties to the company. But while it embarrasses the financier who controls Revlon, among other companies, it does not mark a debacle for him. He made more than $50 million on his Marvel investment, in large part by selling the bonds.

Whether or not Mr. Icahn can keep control of the company will be decided in bankruptcy court, where his group is pushing a reorganization plan that is opposed by bank lenders, led by Chase Manhattan. The banks argued in court that Marvel was insolvent, but the bankruptcy judge refused to see that as a reason to keep the bondholders from stepping in.

There was no immediate comment from the current management of Marvel. A spokesman for Mr. Perelman expressed disappointment over the court decision.

Marvel's assets include a large stake in Toy Biz, a company that owns the right to make toys based on such Marvel characters as the Fantastic Four, Captain America and Spider Man.

Marvel has had eight of the 11 seats on the Toy Biz board, and Mr. Icahn said that he and seven colleagues would replace the Perelman-chosen directors. The plan is to name Mr. Icahn chairman of that company as soon as its board meets again.

Toy Biz executives declined to comment, but they have argued in the past that a change in control at Marvel would invalidate that company's right to pick eight directors.

Mr. Icahn, a former chairman of Trans World Airlines, is known for acting promptly. He did that with the Marvel bonds at a time when most people thought Mr. Perelman would prevail. He persuaded the bankruptcy court in Delaware that it was the bondholders who held the real stake in the Perelman-controlled shares, and therefore should be able to control the board.

China Firm To Lay Off 215,000

Agence France-Presse

BEIJING — China Petrochemical Corp. will lay off about one-third of its 650,000 employees under a program to upgrade and streamline its businesses, the China Daily Business Weekly reported Sunday.

"We are overstaffed compared with petrochemical firms in developed countries," Sheng Huaren, the company's president, told the newspaper.

He did not provide a timetable for the layoffs, but the report said jobs would "be created by new businesses from other industries to employ the laid-off people."

He said the company, known as Sinopec, also would "hone its competitive edge to keep its leading position in the domestic market by speeding up technical progress."

The modernization drive would be carried out as petrochemical giants tapped into the Chinese market, with competition in the lubrication oil market from such multinationals as British Petroleum PLC and Royal Dutch/Shell Group, the report said. To meet the competition, Mr. Sheng said Sinopec "would not establish new refinery enterprises in the next three years."

CURRENCY RATES

June 20

Cross Rates

	$	£	DM	FF	Lire	DFl	BF	SF	Yen	C$	Peseta
Amsterdam	1.905	3.221	1.1215	0.3333	0.115*	—	5.4515*	1.3514	1.6982*	1.401	1.3335*
Brussels	35.595	58.8625	20.635	6.111	2.1888*	18.344	—	24.745	0.312	25.65	24.45*
Frankfurt	1.7293	2.8492	—	0.2942	0.1022*	0.8889	4.8463*	1.998	1.597*	1.2464	1.1855*
London (c)	1.654	—	2.1648	9.6685	2.891.39	3.2226	59.1286	2.3833	189.65	2.3008	241.658
Madrid	145.899	241.976	84.38	24.998	8.654*	75.885	4.5882	181.29	127.139*	165.888	—
Milan	1,698.10	2,788.00	970.98	289.25	—	870.00	47.355	1,172.85	14.785	1,217.29	11.592
New York (c)	—	1.6565*	1.7276	5.0265	1.689.00	1.9431	35.65	1.4285	114.825	1.3911	145.76
Paris	5.8259	9.636	3.3755	—	0.345*	3.0005	0.1426	4.848	5.888*	4.3039	4.08*
Tokyo	114.68	188.85*	66.50	19.70	6.68	59.10	2.2256	79.27	—	85.62	8.2834
Toronto	1.3396	2.2034	0.7695	0.2383	0.0823*	0.7154	0.2692*	0.9467	1.211*	—	0.9557*
Zurich	1.4019	2.3015	0.8027	0.2467	0.0857*	0.7403	4.6525*	—	1.2562*	1.034	0.8921*
1 ECU	1.135	0.6972	1.9641	6.6774	1,921.77	2.2198	40.5202	-1.6404	128.672	1.5008	165.687*
1 SDR	1.3915	0.8504	2.484	8.111	2,355.40	2.7029	49.5432	2.0185	157.647	1.9306	203.568*

Closings in Amsterdam, London, Milan, Paris and Zürich. Rates in other centers: New York and Toronto rates as of 4 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	273.16	Mex. peso	7.936	S. Afr. rand	4.598
Australian $	1.3357	Hong Kong $	7.742	N. Zealand $	1.4588	S. Kor. won	888.20
Austrian sch.	12.151	Hung. forint	185.43	Norw. krone	7.262	Swed. krona	7.7216
Brazil real	1.0769	Indian rupee	35.818	Phil. peso	26.37	Taiwan $	27.91
Chinese yuan	8.3215	Indo. rupiah	2431.0	Polish zloty	3.24	Thai baht	25.00
Czech koruna	32.05	Irish £	0.6614	Port. escudo	174.18	Turkish lira	145990.
Danish krone	6.5776	Israeli shek.	3.4175	Russ ruble	5760.0	UAE dirham	3.6710
Egypt. pound	3.3932	Kuw dinar	0.30	Saudi riyal	3.75	Venez. bolív.	484.50
Fin. markka	5.1716	Malay. ring.	2.5158	Sing. $	1.4260		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6511	1.6495	1.6482	Japanese yen	114.16	113.64	113.15
Canadian dollar	1.3857	1.3815	1.3788	Swiss franc	1.4346	1.4290	1.4239
Deutsche mark	1.7226	1.7196	1.7159				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

The Antidotes to Electronic Game Mayhem

Bloomberg News

ATLANTA — Douglas Adams's video game "Starship Titanic" features a 3-D spaceship, puzzles and smart-alecky robots who lie.

The author of "The Hitchhiker's Guide to the Galaxy" says he wasn't interested in creating the sort of fare that dominates the scene at Atlanta's "E3". Electronic Entertainment Expo. That more typical fare includes games such as "Space Bunnies Must Die," which stars a truck-stop waitress who nails mutant rabbits during off-hours.

"You wander around E3 and you see an incredible amount of imagination has gone into different ways of dismembering people," Mr. Adams said. "I don't like that very much. I'm not a guy for violence."

Mr. Adams is a guy who wants to be a pioneer. He is one of the increasing numbers of developers hawking electronic games beyond the traditional market that the chairman of Intel Corp., Andy Grove, defines unhappily as "8- to 17-year-old boys."

"The potential market is bigger than that group and its fascination with action games," Mr. Grove said at the show. "There's a lot more involved here."

With hits like "Tomb Raider," shoot-'em-up and gore still rule the $5.3 billion industry, which includes video games, computer games and other entertainment software. E3 has acres of the violence showcased in fake jungles, makeshift tunnels and pop-up zoos.

Ripcord's "Postal," as in "going postal," a reference to homicides at post offices, served as an icon for this year's show.

Onlookers crowded the "Postal" booth, waiting to play a three-minute demo while watching the game's hero shoot and lob grenades on the big screen.

As each demo drew to a close, a grinning announcer reminded participants, in a tone of voice normally reserved for American breakfast cereal commercials, "Remember, you can always end the game by taking out your gun, sticking it in your mouth and blowing your brains out!"

Whew.

The antidote could be found by talking with Mr. Adams or at Mattel Inc.'s "Barbie" interactive software booth.

Barbie software was last year's breakthrough hit, jolting entertainment-software developers into thinking about alternatives to mayhem and pillaging.

CYBERSCAPE

The software lets users talk with a Barbie that talks back, search for buried treasure with the help of "friendly sea animals" and "style, color and even grow Barbie's amazingly lifelike hair."

U.S. girls are a coveted "lost" audience that could constitute a $60 million market annually, said Nancy Deyo, chief executive of Purple Moon, a new software developer for 8- to 12-year-old girls.

Purple Moon products like "Rocket's New School," about a young girl's first day of junior high school, stem from research and interviews with thousands of girls who found traditional action games simplistic and dull.

"We value little girls," Ms. Deyo said. "We're trying to give them something meaningful that they're interested in."

That doesn't mean girls are locked out of the action genre. Denise Brown, who produced one of the three "Lost World" video games for DreamWorks SKG, said girls are just as drawn as boys to the adventure game, which features two female characters.

"Girls aren't stupid," Ms. Brown said. "They obviously enjoy the strategy, and they enjoy problem-solving elements."

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CAPITAL MARKETS ON MONDAY

Russia Wins Place in Paris Club — and New Chance of Collecting Debts

Compiled by Our Staff From Dispatches

DENVER — Russia has achieved a long-sought goal: Admission to the Paris Club, a group of wealthy countries that negotiate debt terms with developing nations.

Russia's inclusion will give it more leverage to seek repayment of the big loans it has extended to Cuba, Iraq, Iran and other nations.

"I cannot name the precise figure of the debt we are going to collect within the Paris Club framework, but I can definitely say the amount will be much grater than what we would have collected without joining the club," said Anatoli Chubais, a deputy prime minister and minister of finance.

The progress achieved here at the summit meeting of the Group of Seven industrialized countries was hailed by President Bill Clinton as a "happy development."

Mr. Clinton said this meant Russia would "now be a partner with the other members" in trying to promote global economic growth by relieving the debt of developing nations that adopt reforms.

"What you see here is a sweeping integration of Russia into the major decision-making networks of the world in a way that is very positive for the rest of us," the president said.

Russia is owed about $140 billion by 40 developing countries and, in order to join the Paris Club, Moscow agreed to reduce the debt owed by individual countries by between 25 percent and 75 percent, Mr. Chubais said.

Lawrence Summers, deputy U.S. Treasury secretary, said the amount of debt write-off would depend on the income level in the debtor country and the makeup of the debt stock, including what percentage of it was loaned by the former Soviet Union for military hardware and materiel.

"This agreement represents the financial end of the Cold War," Mr. Summers said.

He added that the exact nature of the debt forgiveness would be worked out by the Paris Club over the coming months, but under the terms of the agreement, Russia also has agreed not to attempt to collect debts owed it by the so-called "pariah" nations — Libya and Iraq, for example — that have substantial debts to Russia.

A fact sheet released by the White House said the adjustment would be implemented after negotiations between Russia and the individual debtors, "but it is now likely that for the heavily indebted poorest countries, particularly in Africa, these adjustments combined with Paris Club treatment will lead to reduction in debtor obligations to Russia by more than 90 percent."

Mr. Chubais rebuffed his critics at home by insisting that the reduction of the debt owed to Russia would not harm its interests.

"We are not writing off these debts," Mr. Chubais said. "We are simply establishing discounts. This is inevitable as many of these debts trade at 15 percent, 10 percent and even 4 percent of their nominal value on the financial markets. But we'll be getting real money which will enable us to pay wage arrears to our teachers, doctors and coal miners."

The Russian official said the figures of the discounts granted to every individual country-debtor would be revealed as soon the final agreement between Russia and the Paris Club had been signed.

Mr. Chubais also said debt repayment within the Paris Club framework would help better control that process.

He said that Russia would be able to end the practice of securitizing debt with commodities, "which has led to so much corruption in the past." He added that he believed the Paris Club "repayment process" to be "absolutely transparent and controllable."

(Reuters, Bridge News)

Outlook Is Rosy for Bond Prices

Compiled by Our Staff From Dispatches

NEW YORK — Optimism that the U.S. economy is slowing enough to restrain inflation and keep the Federal Reserve Board from raising interest rates in July should keep Treasury bond prices on the upswing this week.

"It's highly unlikely the Fed will tighten," given recent reports showing little inflation, said Barbara Kenworthy, a fund manager at Prudential Mutual Fund Investment Management in Newark, New Jersey.

The market "will probably continue to be on a roll, and the yield curve will flatten," said Ward McCarthy, a managing director of Stone and McCarthy, Inc. in Princeton, New Jersey.

The yield on the benchmark 30-year issue finished last week at 6.65 percent, down from 6.73 percent the previous week, as prices rallied.

The market has been underpinned by government reports showing a slowdown in consumer demand and tame

U.S. CREDIT MARKETS

inflation. On Friday, a semiannual survey of economists from industry, government, finance and academia by the Federal Reserve Bank of Philadelphia predicted that growth would slow in the second half of the year and inflation would remain quiescent.

A decline in home building and a drop in the value of stocks are expected to help to dampen consumer spending and slow the economy, the survey found.

"It's a terrific environment for bonds," said Bill Gamba, head of government trading at Cowen & Co. "We have low inflation and an economy that is moderating."

One element that might temporary stall bond-price gains this week is the Treasury's sale of two- and five-year notes. The Treasury will sell $15.5 billion of two-year notes Tuesday, and $11.5 billion of five-year paper Wednesday.

"On Monday we might see a small concession ahead of the auctions," said Mark Sauvigne, a senior trader at a Chase Securities in New York.

(Market News, Bloomberg)

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending June 20. Prices supplied by Telekurs.

Austrian Schilling

Rnk	Name	Cpn	Maturity	Price	Yield
191	Austria	5⅝	07/15/07	99.0500	5.6800

Belgian Franc

Rnk	Name	Cpn	Maturity	Price	Yield
148	Belgium	7	04/29/99	106.0000	6.6000

British Pound

Rnk	Name	Cpn	Maturity	Price	Yield
146	World Bank	zero	07/17/00	79.8750	7.5700
159	World Bank	6.10	03/17/00	97.7500	6.2400
190	Abbey Natl TS	7⅝	12/30/02	100.1250	7.6200
240	British Land	6½	11/17/07	101.5000	6.4000

Canadian Dollar

Rnk	Name	Cpn	Maturity	Price	Yield
161	Canada	4	03/15/99	99.4792	4.0200
224	Canada	7¼	06/01/07	107.8254	6.7200

Danish Krone

Rnk	Name	Cpn	Maturity	Price	Yield
1	Denmark	8	03/15/06	112.20	7.1300
12	Denmark	7	11/15/07	104.8300	6.6800
26	Denmark	8	11/15/01	112.0600	7.1400
29	Denmark	9	11/15/98	106.9400	8.4200
36	Denmark	8	05/15/03	112.8400	7.0900
41	Denmark	7	12/15/04	106.5500	6.5700
43	Denmark	9	11/15/00	113.6300	7.9200
52	Denmark	7	11/10/24	98.7000	7.0900
56	Denmark	6	12/10/99	104.0700	5.7700
68	Denmark	6	11/15/02	103.9500	5.7700
71	Nykredit 3 Cs	6	10/01/26	90.2500	6.6500
76	Denmark	6	02/15/99	103.9500	5.7700
100	Denmark	7	08/15/97	100.3700	6.9700
107	Real Kredit	6	10/01/26	90.7500	6.6100
112	Nykredit	7	10/01/29	95.7500	7.3100
116	Denmark	4	02/15/00	99.6000	4.0200
234	Denmark	7	02/15/98	102.0300	6.8600
248	Nykredit Bank	7	10/01/26	97.7000	7.1600

Deutsche Mark

Rnk	Name	Cpn	Maturity	Price	Yield
2	Federal Tsy	3¼	03/19/99	98.5916	3.8000
3	Germany	6	01/04/07	102.7600	5.8400
5	Germany	6	07/04/07	102.1200	5.8800
6	Germany	8	01/21/02	113.7700	7.0300
7	Bundesobligation	4½	02/22/02	99.8617	4.5100
8	Germany	5	08/20/01	102.3940	4.8800
9	Germany	6¼	04/26/06	104.3933	5.9900
10	Germany	6⅞	05/12/05	108.5184	6.3400
13	Germany	4¾	11/20/01	101.1100	4.7000
14	Germany	6½	10/14/05	106.2250	6.1200
15	Germany	9	10/20/00	114.8200	7.8400
16	Treuhand	6⅞	06/11/03	109.3000	6.2900
18	Germany	8	07/22/02	113.6605	7.0400
20	Germany	7⅜	01/03/05	112.0050	6.5800
21	Treuhand	7⅜	12/02/02	111.7100	6.6000
22	Germany	5	05/21/01	102.6300	4.8700
23	Germany	6¼	01/04/24	96.8000	6.4600
24	Treuhand	7½	09/09/04	112.7650	6.6500
28	Germany	5¾	08/22/00	104.9500	5.4800
30	Germany	6	01/05/06	102.8050	5.8400
31	Germany	8¾	08/20/01	116.0825	7.5400
32	Germany	8½	02/20/01	114.0200	7.4500
35	Germany	8¼	09/20/01	114.3933	7.2100
37	Treuhand	6⅜	07/01/99	103.2185	6.1800
42	Treuhand	5	01/14/99	102.3500	4.8900
44	Treuhand	6¾	05/13/04	106.3677	6.3500
45	Germany	3½	09/18/98	100.2300	3.4900
46	Germany	6½	07/15/03	107.4300	6.0500
47	Germany	5⅞	05/15/00	105.2300	5.5800
48	Treuhand	7⅛	01/29/03	110.5300	6.4500
50	Treuhand	5¾	04/29/99	100.5995	5.7200
51	Germany	8⅜	05/21/01	114.3000	7.3300
54	Germany	6¾	09/15/99	106.6500	6.3300
55	Germany	8⅞	12/20/00	114.8900	7.7200
57	Germany	6	02/16/06	102.8100	5.8400
58	Germany	6	09/15/03	105.2800	5.7000
60	Germany	5⅛	11/21/00	103.0800	4.9700
61	Germany	8¾	07/20/00	113.40	7.7200
62	Treuhand	6½	04/23/03	107.4800	6.0500
64	Treuhand	6⅝	07/09/03	107.9933	6.1300
66	Germany	8½	08/21/00	112.9100	7.5300
67	Germany	9	01/22/01	115.45	7.8000
70	Germany	7½	11/11/04	112.8500	6.6500
72	Germany	6¾	04/22/03	108.7400	6.2100
73	Germany	6½	03/15/00	106.7200	6.0900
75	Germany	6¾	07/15/04	108.6150	6.2100
77	Germany	5¼	02/21/01	103.4100	5.0800
82	Treuhand	6¼	03/04/04	105.8200	5.9100
83	Treuhand	6	11/12/03	104.8025	5.7300
84	Germany	7	01/13/00	107.7500	6.5000
85	Germany	6½	01/02/99	104.4800	6.2200
86	Germany	7⅛	12/20/02	110.5900	6.4400
87	Germany	3½	12/18/98	100.1600	3.4900
89	Treuhand	5⅝	09/24/98	102.7900	5.4700
90	Treuhand	6¾	07/29/99	105.3200	5.9300
92	Treuhand	7¾	10/01/02	113.2336	6.8400
93	Germany	6⅞	12/02/98	104.8300	6.5600
94	Germany	6	06/20/16	96.5800	6.2100
95	Germany	5¾	05/28/99	104.0500	5.5300
99	Germany	8	09/22/97	101.1800	7.9100
105	Germany	7	12/22/97	101.9503	6.8700
106	Germany	6⅛	05/20/99	104.7995	5.8400
110	Treuhand	7	11/25/99	107.5200	6.5100
113	Germany	5⅜	02/22/99	103.1000	5.2100
120	Romania	7¾	06/17/02	101.7500	7.6200
127	Germany	7¼	10/21/02	111.1700	6.5200
147	Tokyo Elec Pwr	4¾	06/16/02	99.6500	4.7700
154	Treuhand	5	12/17/98	102.2800	4.8900
158	Treuhand	6⅛	06/25/98	96.7899	6.3300
165	Treuhand	6⅛	03/26/98	102.1630	6.0000
166	Credit Local	5½	10/18/00	102.6927	5.3600
168	Germany	6	02/20/98	101.8200	5.8900
173	Germany	6⅞	02/24/99	105.4600	6.5200
179	Germany	5¼	10/20/98	102.4700	5.1200
186	Germany	7¾	02/21/00	109.7100	7.0600
189	Germany	7¼	10/20/97	101.3200	7.1600
200	Germany	6⅜	08/14/98	103.4100	6.1600
201	Spain	7	01/05/00	107.4000	6.5200
206	Germany	8¾	05/22/00	112.9900	7.7400
211	Slovenia	5¾	06/16/04	100.5000	5.7200
213	BTI FRN	3.227	05/21/02	99.7759	3.2300
223	Mitsubishi Fin	zero	09/16/97	99.2285	3.1200
239	Cap Credit Card	5⅝	08/15/01	103.2373	5.4500
241	KFW Intl Fin	4¾	05/07/02	100.1396	4.7400
243	Germany FRN	3.05	04/06/00	99.6800	3.0600
244	Germany	8¼	07/21/97	100.3900	8.2200
246	Russia	9	03/25/04	102.1500	8.8100

Dutch Guilder

Rnk	Name	Cpn	Maturity	Price	Yield
25	Netherlands	6¼	07/15/98	102.8600	6.0800
59	Netherlands	5¾	02/15/07	100.9000	5.7000
80	Netherlands	9	01/15/01	115.2000	7.8100
96	Netherlands	8½	03/15/01	114.0000	7.4600
98	Netherlands	7½	01/15/23	113.8500	6.5900
114	Netherlands	5¾	01/15/04	103.1500	5.5700
125	Netherlands	7	06/15/05	109.9500	6.3700
129	Netherlands	6	01/15/06	103.1500	5.8200
131	Netherlands	7¼	10/01/04	111.7000	6.4900
141	Netherlands	7	03/15/99	105.5600	6.6300
149	Netherlands	7½	06/15/99	107.2000	7.0000
156	Netherlands	8¾	09/15/01	116.1500	7.5300
157	Netherlands	7½	04/15/10	114.5500	6.5500
163	Netherlands	7¾	03/01/05	114.6500	6.7600
164	Finland	5⅞	06/18/07	100.8000	5.8300
182	Netherlands	5¾	09/15/02	104.2500	5.5200
183	Netherlands	6¾	11/15/05	108.2000	6.2400
199	Netherlands	6½	04/15/03	107.6000	6.0400
209	Netherlands	7½	11/15/99	108.2500	6.9300
212	Netherlands	7¾	01/15/00	109.2000	7.1000
232	Netherlands	8¼	09/15/07	119.6500	6.9000
236	Netherlands	9	07/01/00	113⅜	7.9100

ECU

Rnk	Name	Cpn	Maturity	Price	Yield
109	Britain	9⅛	02/21/01	116.1500	7.8600
115	France OAT	6	04/25/04	103.1000	5.8200
117	France OAT	7	04/25/06	107.4100	6.5200
121	Britain T-bills	zero	12/11/97	98.0522	4.1200
123	Britain T-bills	zero	09/11/97	99.0930	3.9900
135	France BTAN	5	03/16/99	101.3300	4.9300
144	France OAT	5½	04/25/07	96.1300	5.7200
170	Italy	6	04/02/04	101.3750	5.9200
172	France OAT	8½	03/25/02	113.7300	7.4700
174	France OAT	7½	04/25/05	110.3400	6.8000
181	Britain T-note	5	01/26/99	101.1083	4.9500
231	France OAT	10	02/26/01	117.4000	8.5200
242	France B.T.A.N.	6	03/16/01	104.2900	5.7500
250	France BTAN	7¼	03/16/98	102.1400	7.1000

Finnish Markka

Rnk	Name	Cpn	Maturity	Price	Yield
187	Finland Serial s	7¼	04/18/06	108.2014	6.7000

French Franc

Rnk	Name	Cpn	Maturity	Price	Yield
214	France BTAN	7	11/12/99	107.0800	6.5400
218	France BTAN	4¾	04/12/99	101.8600	4.6600
225	FranceOAT	5½	04/25/07	98.9200	5.5600

Japanese Yen

Rnk	Name	Cpn	Maturity	Price	Yield
122	World Bank	4½	06/20/00	109.5248	4.1100
151	Italy	3¾	06/08/05	108.2500	3.4600
155	Spain	3.10	09/20/06	103.8750	2.9800
197	World Bank	4½	03/20/03	113⅝	3.9600
208	Fannie Mae	2	12/20/99	102.1250	1.9600
226	World Bank	4½	12/22/97	101.8750	4.4200
237	Exim Bk Japan	2⅞	07/28/05	103.3750	2.7800

South African Rand

Rnk	Name	Cpn	Maturity	Price	Yield
53	EBRD	zero	06/17/27	3.0000	12.3900

Spanish Peseta

Rnk	Name	Cpn	Maturity	Price	Yield
180	Spain	6¾	04/15/00	104.3330	6.4700
194	Spain	7.35	03/31/07	107.0200	6.8700
207	Spain	7.90	02/28/02	109.8110	7.1900

Swedish Krona

Rnk	Name	Cpn	Maturity	Price	Yield
78	Sweden	11	01/21/99	109.2440	10.0700
119	Sweden 1036	10¼	05/05/00	113.0240	9.0700
128	Sweden	5½	04/12/02	98.4660	5.5900
171	Sweden	10¼	05/05/03	120.0220	8.5400
175	Sweden	9	04/20/09	117.2650	7.6700
210	Sweden	6	02/09/05	97.1390	6.1800
233	Sweden	6½	10/25/06	98.7320	6.5800

U.S. Dollar

Rnk	Name	Cpn	Maturity	Price	Yield
4	Brazil Cap S.L	4½	04/15/14	88.1027	5.1100
11	Argentina par L	5½	03/31/23	69.4901	7.9100
17	Argentina FRN	6¾	03/29/05	91.4225	7.3800
19	Brazil	10⅛	05/15/27	97.5000	10.3800
27	Brazil par ZI	5¼	04/15/24	65.5472	8.0100
33	Argentina	11⅜	01/30/17	112.1164	10.1500
34	Venezuela FRN	6¾	12/18/07	92.3600	7.3000
38	Venezuela par A	6¾	03/31/20	79.6563	8.4700
39	Mexico	11½	05/15/26	114¾	10.0200
40	Brazil L FRN	6⅞	04/15/06	91.4822	7.5200
49	Brazil S.ZI FRN	6⅞	04/15/24	84.5625	8.1300
63	Brazil FRN	6½	01/01/01	98.7042	6.5900
65	Brazil S.L FRN	6 13/16	04/15/12	82.9688	8.3600
69	Mexico par A	6¼	12/31/19	78.7500	7.9400
74	Bulgaria FRN	6 11/16	07/28/11	73.5938	8.9200
79	Mexico par B	6¼	12/31/19	78.7500	7.9400
81	Ecuador FRN	3¼	02/28/15	69.0776	4.7000
88	Argentina FRN	6⅞	03/31/23	87.1875	7.8900
91	Ecuador par	3½	02/28/25	49.7500	7.0400
97	Tokyo Elec Pwr	7⅛	06/13/07	102.1250	6.9800
101	Mexico FRN	7⅞	08/06/01	100.2810	7.8500
102	Russia	9¼	11/27/01	100.6250	9.1900
103	Rhein Hypotkbk	6⅞	06/18/07	101.0000	6.8100
104	Bulgaria FRN	6 11/16	07/28/24	75.0313	8.7500
108	Lloyds Bank	6	06/16/98	99.9500	6.0000
111	Ecuador FRN	6 13/16	02/28/25	74.6250	8.6300
118	Bco Com Ext.	7¼	02/02/04	93.4582	7.7600
124	Brazil Cband S.L	4½	04/15/14	92.0997	4.8900
126	ADB	6¾	06/11/07	101.0000	6.6800
130	Mexico A FRN	6.867	12/31/19	93.5938	7.3400
132	Nestle Holdings	3	06/17/02	102.5833	2.9200
133	Mexico	11¾	09/15/16	113⅝	10.0300
134	Venezuela par B	6¾	03/31/20	79.6875	8.4700
136	Ford Motor	7.20	06/15/07	101.1250	7.1200
137	Poland par	3	10/27/24	57.3750	5.2300
138	Shanghai Invest		06/12/02	101.5240	
139	Bulgaria	2¼	07/28/12	55.8438	4.0300
140	Brazil S.L FRN	6 5/16	04/15/09	87.7475	7.9100
142	LK OeffentBk	6¾	05/21/02	100.5437	6.7100
143	British Columbia	7⅛	06/11/07	102.1250	6.9800
145	Mexico	9⅞	01/15/07	105.8787	9.3300
150	Commrzbk FRN	5.727	01/29/01	99.5900	5.7500
152	Peru Pdi	4	03/07/17	65.6250	6.1000
153	Bankers Trust	zero	07/10/97	99.6904	5.5400
160	Venezuela	9¼	06/18/07	100.5000	9.0800
162	Quebec FRN	5.959	06/11/04	99.9797	5.9600
167	Argentina FRN	5.695	04/01/01	128.8000	4.4200
169	Panama	3½	07/17/14	77.0000	4.5500
176	UBS Fin	2¾	06/16/02	104.2368	2.6400
177	Italy FRN	5.719	05/12/02	99.7605	5.7300
178	Bay Landesnstlt	6¾	06/10/02	100.7500	6.7000
184	World Bank	6⅝	08/21/06	100.5000	6.5900
185	Centauri	6.075	06/16/98	99.9706	6.0800
188	St Petersburg	9½	06/18/02	100.0000	9.5000
192	British Gas Fin	zero	11/04/21	16⅛	7.7000
193	Credit Local	6½	02/18/04	99.1250	6.5600
195	British Telecom	6¾	04/25/02	101.5994	6.6400
196	IADB	6⅝	03/07/07	100.1594	6.6100
198	Mexico D FRN	6 13/16	12/28/19	93.4457	7.2900
202	Quebec	7	01/30/07	99.8750	7.0100
203	Argentina	11	10/09/06	111⅛	9.8800
204	Fst Natl Bk Chic	7	05/08/00	101.2500	6.9100
205	BGB Fin Ireland	6⅝	12/30/99	100.5000	6.5900
215	Canada	6¾	08/28/06	101.1977	6.6700
216	Poland Inter	4	10/27/14	86.0625	4.6500
217	Cregem Nth Am	zero	09/11/97	98.6897	5.7600
219	Goldman S FRN	6⅛	06/02/04	99.8500	6.0700
220	Gleneagles FRN	6.129	06/17/12	99.1211	6.1800
221	Fin Dan Ind Fm	6¾	06/13/01	100.3750	6.7200
222	Philippines Fix	8¾	10/07/16	101.7500	8.6000
227	Venezuela FRN	6¾	03/18/07	91.3750	7.3900
228	Nigeria	6¼	11/15/20	69.4063	9.0000
229	EIB	7⅛	09/18/06	104.0283	6.8500
230	SEK	6.01	06/19/00	98.8990	6.0800
235	Rossini FRN		02/13/08	99.9000	
238	Mexico B FRN	6.836	12/31/19	94.4300	7.2300
245	Ecuador FRN	3¼	02/28/15	73.7746	4.4100
247	Canada	6½	05/30/01	100.8750	6.4400
249	GECC	7	06/12/06	101.6250	6.8900

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Bakrie Indonesia	$125	2001	3.00	100.00	—	Over 6-month Libor. Callable at par from 1998. Fees not disclosed. Denominations $500,000. (Sumitomo Finance.)
Banca Popolare dell'Emilia Romagna	$300	2002	0.10	99.825	—	Over 3-month Libor. Noncallable. Fees 0.175%. Denominations $10,000. (Citibank Intl.)
Bank of China	$200	2002	0.30	99.95	—	Over 6-month Libor. Noncallable. Fees 0.50%. (Daiwa Securities.)
Bankers Trust New York	$300	2002	1/16	99.794	—	Over 3-month Libor. Callable at par in 2000. Fees 0.175%. Denominations $10,000. (Deutsche Morgan Grenfell.)
Banque Internationale a Luxembourg	$150	2007	⅜	99.74	—	Over 3-month Libor. Noncallable. Fees 0.50%. (J.P. Morgan Securities.)
Banque Paribas	$1,000	2002	⅛	99.848	—	Over 3-month Libor. Noncallable. Fees 0.15%. Denominations $10,000. (Banque Paribas.)
BES Finance	$200	perpt	⅝	99.766	—	Interest will be ⅝ over 3-month Libor until 2002, when issue is callable at par, thereafter 2⅛ over. Fees 0.625%. Denominations $10,000. (J.P. Morgan Securities.)
Den norske Bank	$500	2002	0.05	100.00	—	Over 3-month Libor. Noncallable. Fees 0.175%. Denominations $10,000. (Lehman Brothers.)
First Franklin Financial	$141.5	2028	0.24	open	—	Over 1-month Libor. Average life 3.77 years. Fees 0.30%. (Merrill Lynch Intl.)
Keybank National Association	$500	2002	1/16	99.793	—	Over 3-month Libor. Noncallable. Fees 0.20%. Denominations $10,000. (J.P. Morgan Securities.)
Kookmin Bank	$100	2000	0.40	100.00	—	Over 3-month Libor. Reoffered at 99.95. Redeemable at par in 1998. Fees 0.08%. Denominations $250,000. (ABN-AMRO Hoare Govett.)
Korea Development Bank	$300	2002	3/16	99.95	—	Over 3-month Libor. Callable at par in 2000. Fees 0.15%. Denominations $10,000. (Goldman Sachs Intl.)
Mexico	$1,000	2002	1¼	99.367	—	Over 3-month Libor. Callable at par in 2000. Fees 0.375%. Denominations $10,000. (HSBC Markets.)
Wizard Finance	$525	2000	0.18	99.94	—	Over 6-month Libor. Noncallable private placement. Fees 0.45%. Denominations $10,000. (Tokyo-Mitsubishi Intl.)
Acres Number 3	£97.8	2006	0.15	99.92	—	Over 3-month Libor. Average life 4.15 years. Also £14.1 million paying 0.40 over Libor. Fees 0.15%. Denominations £10,000. (UBS.)
Fleming Overseas Investment Trust	£80	2007	0.363	100.00	—	Over 3-month Libor. Callable at par in 1999. Fees not disclosed. Denominations £100,000. (Robert Fleming & Co.)
Merrill Lynch & Co.	£300	2002	0.075	99.768	—	Over 3-month Libor. Noncallable. Fees 0.175%. (Merrill Lynch Intl.)
Robert Fleming Capital	£100	2000	1/16	100.00	—	Over 3-month Libor. Noncallable. Fees 0.15%. Denominations £100,000. (Dresdner Kleinwort Benson.)
Fixed-Coupons						
Abbey National Treasury Services	$400	2000	6¼	100.7945	99.65	Reoffered at 99.607. Noncallable. Fees 1⅞%. (Salomon Brothers Intl.)
American Express Co.	$500	2004	6¾	99.824	100.00	Noncallable. Fees 0.35%. (Lehman Brothers Intl.)
Banco Inter-Atlantico	$125	2000	8¼	99.8696	—	Semiannually. Noncallable. Fees 0.50%. (Credit Agricole Indosuez.)
Bayerische Landesbank	$1,000	2007	6⅝	99.618	100.05	Semiannually. Noncallable. Fees 0.325%. Denominations $250,000. (Merrill Lynch Intl.)
BNG	$1,000	2002	6⅝	101.113	99.50	Reoffered at 99.488. Noncallable. Fees 1⅞%. (ABN-AMRO Hoare Govett.)
Credit Local de France	$300	2001	6½	101.325	100.05	Reoffered at 99.925. Noncallable. Fees 1⅞%. (ABN-AMRO Hoare Govett.)
CSN Iron	$600	2007	9⅛	99.55	—	Semiannually. Noncallable. Fees 0.60%. (J.P. Morgan Securities.)
Cydsa	$200	2002	9⅜	99.591	—	Semiannually. Noncallable. Fees 0.875%. Denominations $10,000. (Citibank Intl.)
Cyprus	$300	2002	6⅝	101.025	99.50	Reoffered at 99.40. Noncallable. Fees 1⅞%. (SBC Warburg.)
DSL Bank	$150	2003	6½	101.22	99.85	Reoffered at 99.62. Noncallable. Fees 1⅞%. (UBS.)
Dow Chemical	$200	2002	6⅝	101.318	99.80	Reoffered at 99.743. Noncallable. Fees 1⅞%. (Merrill Lynch Intl.)
Hitachi Credit	$200	2002	6⅝	101.424	99.90	Reoffered at 99.824. Noncallable. Fees 1⅞%. (J.P. Morgan Securities.)
Inter-American Development Bank	$500	2002	6⅜	101.327	99.70	Reoffered at 99.702. Noncallable. Fees 1⅞%. (Lehman Brothers Intl.)
Japan Finance Corp. for Municipal Enterprises	$400	2007	6¾	99.998	100.20	Noncallable. Fees 0.325%. (Merrill Lynch Intl.)
Landwirtschaftliche Rentenbank	$200	2001	6¼	101.225	99.75	Reoffered at 99.825. Noncallable. Fees 1%. (DG Bank.)
Lebanon	$100	2007	7½	99.716	—	Noncallable. Fees 0.625%. (Merrill Lynch Intl.)
Mexico	$500	2007	9⅞	105.639	—	Semiannually. Noncallable. Fees 0.75%. (Salomon Brothers Intl.)
Russia	$2,000	2007	10	99.164	—	Noncallable. Fees 1⅝%. (J.P. Morgan Securities.)
Societe Nationale des Chemins de Fer Francais	$200	2000	6	100.3375	99.25	Reoffered at 99.15. Noncallable. Fees 1⅞%. (Deutsche Morgan Grenfell.)
China	DM500	2002	5	101.859	99.65	Reoffered at 99.659. Noncallable. Fees 2½%. (CS First Boston.)
Denmark	DM500	2003	5	101.745	—	Reoffered at 99.895. Noncallable. Fees 2⅛%. (Deutsche Morgan Grenfell.)
General Electric Capital Corp.	£100	2002	7	100.897	—	Reoffered at 99.272. Noncallable. Fees 1⅞%. (SBC Warburg.)
British Columbia	FF2,000	2009	5⅞	101.555	99.10	Reoffered at 99.905. Noncallable. Fees 2%. (Banque Paribas.)
Ontario	FF3,000	2009	5⅞	100.794	99.75	Reoffered at 99.144. Noncallable. Fees 2%. (Morgan Stanley Intl.)
World Bank	ITL300,000	2004	7.05	101.53	100.00	Callable at par in 1998. Fees 1⅝%. (Sanwa Intl.)
ABN-AMRO Bank	DF400	2009	6⅛	101.035	—	Reoffered at 99.46. Noncallable. Fees 2%. (ABN-AMRO Hoare Govett.)
BNG	DF750	2003	5	101⅛	99.20	Reoffered at 99.65. Noncallable. Fees 1⅝%. (ING Barings.)
World Bank	SAR750	1998	15⅛	100.95	99.95	Reoffered at 100.05. Noncallable. Fees 1%. (Credito Italiano.)
World Bank	SAR1,000	2027	zero	3.20	3.09	Yield 12.28%. Reoffered at 3.10. Noncallable. Fungible with outstanding issue, raising total face amount to 3 billion rand. Fees 0.20%. (Morgan Stanley Intl.)
Wizard Finance	Y33,500	2000	1.62	100.00	—	Noncallable private placement. Fees 0.45%. (Tokyo-Mitsubishi Intl.)
Equity-Linked						
Macerich Co.	$150	2002	7¼	100.00	—	Semiannually. Callable at par in 2002. Convertible at $31⅛ per share, a 10.18% premium. Fees not disclosed. (Lazard Capital Markets.)
Samsung Electronics	$300	2007	zero	100.00	—	Redeemable at 131.057 in 2002. Convertible at 123.635 won per share and at 888.50 won per dollar. Fees 2½%. (Deutsche Morgan Grenfell.)

The Week Ahead: World Economic Calendar, June 23-27

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News

	Asia-Pacific	Europe	Americas
Expected This Week	**Hong Kong:** Far Eastern Economic Review holds annual "Countdown to 1997: Roadmap to Hong Kong's Continued Prosperity" conference. Speakers include Hong Kong's governor, Chris Patten, and Singapore's senior minister, Lee Kuan Yew. Monday and Tuesday.	**Brussels:** European Parliament begins session. Wednesday to Friday. **Madrid:** April trade deficit; April current account. **Zurich:** Swiss National Bank releases money supply figures for May.	**New York:** United Nations summit on ecology. President Bill Clinton and world leaders discuss measures to reduce pollution levels. **San Francisco:** Annual Conference of Mayors. Speakers include President Bill Clinton, Vice President Al Gore.
Monday June 23	**Tokyo:** Bank of Japan releases input and output price index in each manufacturing sector for May; returns on principal saving products data; Tokai Bank Ltd. forecast on Japanese economy in 1997 and 1998.	**Munich:** Pro Sieben news conference to release price, details of company's initial public stock sale. **Prague:** Czech Statistical Office releases revised macroeconomic forecasts for year and May foreign trade figures.	**Santiago:** Central bank reports May trade balance and economic growth for March.
Tuesday June 24	**Hong Kong:** Hong Kong International Aerospace Forum; retail sales figures for April. **Earnings expected:** Chen Hsong Holdings, Melbourne Enterprises, New Asia Realty & Trust, Shinagawa Fuel.	**Paris:** Jean-Claude Trichet, governor of Bank of France, presents annual report. **Brussels:** Jean-Jacques Kasel, representative of Luxembourg to EU, outlines Luxembourg's plans for EU presidency.	**Mexico City:** First-half inflation rate; foreign-reserve levels. **Washington:** Treasury Secretary Robert Rubin speaks on national agenda for rebuilding cities; Conference Board releases consumer confidence index for June.
Wednesday June 25	**Manila:** National Power Corp. opens bids for Bataan nuclear power plant's uranium fuels. **Tokyo:** Masayuki Matsushima, director of the Research and Statistics Department at the Bank of Japan, comments on "tankan" survey.	**The Hague:** European Commission's president, Jacques Santer, and Trade Commissioner Sir Leon Brittan meet Japanese leaders.	**Washington:** Yu Shuning, spokesman for the People's Republic of China, to discuss the transfer of Hong Kong to China; Commerce Department reports May durable goods orders.
Thursday June 26	**Wellington:** Treasurer Winston Peters releases government's 1997 budget; government releases details of its budget position in the 11 months ended May 31; overseas trade for May.	**Zurich:** Swiss Association of Business Economists releases quarterly forecast for Swiss economy. **Earnings expected:** Asda Group, Bundeslaender Versicherung, Great Universal Stores.	**Washington:** Commerce Department reports final estimate of economic growth for the first quarter. **Earnings expected:** General Mills, SuperValu.
Friday June 27	**Tokyo:** Bank of Japan's governor, Yasuo Matsushita, gives lecture at meeting on international economies; Bank of Japan accounts released. **Earnings expected:** Oriental Press Group, Korea Electronics, Broken Hill Pty., Konami, Sumitomo Realty.	**London:** First-quarter balance of payments and national accounts. **Paris:** June business confidence survey.	**Washington:** Commerce Department releases first-quarter gross domestic product. **Ottawa:** Statistics Canada reports April survey of manufacturing and releases its May field crop reporting series.

Last Week's Markets

Stock Indexes

	June 20	June 13	% Ch'ge
United States			
DJ Indus.	7,796.51	7,782.04	+0.19
DJ Util.	226.04	224.60	+0.64
DJ Trans.	2,756.62	2,741.67	+0.55
S & P 100	876.48	869.94	+0.75
S & P 500	898.70	893.27	+0.61
S & P Ind	1,054.79	1,050.54	+0.40
NYSE Cp	467.84	465.17	+0.57
Nasdaq Cp	1,447.10	1,423.04	+1.69
Japan			
Nikkei 225	20,385.54	20,528.35	—0.70
Britain			
FTSE 100	4,593.90	4,783.10	—3.96
Canada			
TSE Indus.	6,510.10	6,558.30	—0.73
France			
CAC 40	2,757.10	2,808.52	—1.83
Germany			
DAX	3,788.27	3,744.44	+1.17
Hong Kong			
Hang Seng	15,154.36	14,112.55	+7.38
World			
MSCIP	941.65	931.30	+1.11

World Index from Morgan Stanley Capital Intl Perspective.

Money Rates

	June 20	June 13
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5⅝	5⅝
Japan		
Discount	0.50	0.50
Call money	0.46	0.40
3-month interbank	0.57	0.57
Britain		
Bank base rate	6½	6½
Call money	6 7/16	6¾
3-month interbank	6 11/16	6⅝
France		
Intervention rate	3.10	3.10
Call money	3 3/16	3⅛
3-month interbank	3 5/16	3⅜
Germany		
Lombard	4.50	4.50
Call money	3.05	3.03
3-month interbank	3.13	3.13

Gold	June 20	June 13	% Ch'ge
London p.m. fix.$	338.20	341.40	-0.94

Euromarts

Eurobond Yields

	June 20	June 13	Yr high	Yr low
U.S. $, long term	6.75	6.85	7.08	6.53
U.S. $, mdm term	6.42	6.50	6.83	6.10
U.S. $, short term	6.22	6.24	6.50	5.96
Pounds sterling	7.38	7.41	7.75	7.09
French francs	5.05	5.04	5.05	4.46
Italian lire	6.83	6.92	7.78	6.83
Danish kroner	5.54	5.58	5.92	5.38
Swedish kronor	5.27	5.30	5.61	4.82
ECUs, long term	6.22	6.31	6.50	5.96
ECUs, mdm term	5.35	5.43	5.52	4.76
Can. $	5.76	6.04	6.51	5.70
Aus. $	6.65	6.85	7.86	6.62
N.Z. $	7.17	7.40	8.39	7.13
Yen	1.94	2.14	2.14	1.64

Source: Luxembourg stock exchange.

Weekly Sales

June 19

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	309.2	152.3	1,923.0	2,969.1
Convert.	318.0	5.8	517.6	—
FRNs	505.5	330.4	1,633.0	341.1
ECP	14,535.2	7,502.9	12,527.2	9,755.4
Total	15,667.9	7,991.4	16,600.8	13,065.6

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	29,344.2	19,739.3	93,752.3	37,384.8
Convert.	1,854.2	874.2	4,750.5	2,551.8
FRNs	20,103.2	7,937.0	53,785.9	6,939.3
ECP	17,918.4	17,149.8	28,533.3	29,718.3
Total	69,210.0	45,700.3	180,822.0	76,594.2

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5⅝	5 13/16	5 15/16
Deutsche mark	3⅛	3⅛	3 3/16
Pound sterling	6⅝	6 11/16	6 15/16
French franc	3¼	3⅜	3 7/16
ECU	4⅛	4⅛	4 5/16
Yen	[illegible]	½	[illegible]

Sources: Lloyds Bank, Reuters.

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Q & A / **Ralph-Werner Jaeger**

Arianespace: Getting a Lift From Asia

Arianespace, the European space transportation company, has established a dominant position in launching communication satellites. In Singapore, Ralph-Werner Jaeger, senior vice president of Arianespace for marketing, customer service and international affairs, discussed future business prospects with Michael Richardson of the International Herald Tribune.

Q. What impact has the boom in satellite communications in Asia in recent years had on Arianespace's business?

A. Asia is increasingly important as a satellite market. It now represents between 20 percent and 25 percent of our worldwide business. Of the 38 satellite-launch orders on our books worth nearly $3 billion, eight are for the Asia-Pacific market.

Q. Why are communication satellites for television broadcasting, telephone services and data exchange in such strong demand in Asia?

A. The region's rapid economic growth and development has called for major improvements in infrastructure of all kinds, including telecommunications.

Many developing Asian countries have very limited fixed-line telephone services. They may be large continental nations like China and India or widely scattered island states like Indonesia and the Philippines. It would take years and huge expense to extend the cable networks in these countries, especially to remote areas.

Satellites can provide much quicker and cheaper nationwide coverage for telephony and broadcasting. The diversity of cultures in Asia means that demand for a wide array of satellite television channels catering to different languages and tastes is even stronger than in Europe or the United States.

Q. How does the Arianespace success rate for launching communications satellites compare with those of rival launchers in the U.S., Russia and China?

A. Ariane rockets are the leading systems in terms of reliability, followed by Delta and Atlas in the U.S., and Proton in Russia. We have a success rate of about 97 percent. Theirs is around 96 percent. China's success rate is in the vicinity of 80 percent. The Chinese are working hard to improve it.

Q. What advantages over the current Ariane-4 rocket will the Ariane-5 have for customers when it comes into service in early 1998?.

A. A 3 or 4 percent failure rate for launches is relatively high compared to failure rates of satellites once they are in orbit. Launch failures are costly when you consider that, on average, each rocket carries two satellites insured for as much as $500 million.

Ariane-5 is designed to give even higher reliability than Ariane-4 and carry heavier and larger payloads. With Ariane-5, we will give customers a launch guarantee that no other rocket operator so far provides. In the very unlikely event of failure, our guarantee provides a relaunch free of charge at a time to suit the customer when the replacement satellite is available.

Q. There are seven space launch organizations operating in Western Europe, Russia, China, the U.S. and Japan. Isn't that too many for the amount of business likely to be available over the next decade or two?

A. It depends on how the space launch business develops. Arianespace has so far concentrated on large communication satellites for geostationary orbit high above the equator. We have about 60 percent of the global market for launching such satellites. Our market forecasts show that between 30 and 35 of these satellites will be launched each year over the next decade.

There is also an emerging market for launching constellations of smaller communication satellites.

Q. Will there be additional contracts from governments in Europe and elsewhere to launch military satellites for intelligence-gathering, surveillance and arms control?

A. This is already big business in the U.S., where about 50 percent of Atlas and Delta launches are for the government, mainly for military satellites. For Arianespace, government contracts amount to less than 10 percent of our total business.

Future space-station building and resupply could open up a major new business avenue for rocket operators.

Seoul Unveils Financial Reforms

Reuters

SEOUL — South Korea disclosed Sunday a detailed plan for the first phase of financial reforms, but analysts said the program avoided the important moves needed to improve the nation's backward financial industry.

"The plan showed the government does not want to face problems head-on," said Lee Hahn Koo, president of Daewoo Research Institute. "It simply does not want to lose its power in the financial industry."

The Ministry of Finance and Economy said it would lower business barriers between banks and nonbanking institutions in line with recommendations proposed in April by the Presidential Commission for Financial Reform.

Under the plan, brokerage houses would be allowed to issue corporate bonds and underwrite, trade and broker commercial paper beginning in July, while banks would be permitted to raise funds through financial bonds. Insurers would be allowed to engage in foreign-exchange operations.

"We accommodated the commission's proposals as much as possible," the ministry said.

But conditions would be attached to the liberalization moves, it added.

The ministry said securities houses could only issue corporate bonds with a maturity of one year or longer within 400 percent of their shareholders' equity. Commercial paper should be issued by listed companies with high credit ratings, the ministry said.

The issuance of financial bonds by banks would be possible only after the ministry's consultations with other financial authorities, it said.

The ministry also said it would delay deliberation on the issue of liberalizing bank ownership until a revised bill on the bank law was prepared.

"We set aside items that could cause disorder in the financial industry," the ministry said.

The presidential commission recommended that, in the first phase of reforms, each of the top five business conglomerates, or *chaebol*, be allowed to have one nonpermanent directorship on the board of one bank.

Chaebol are currently not allowed to own banks or to participate in bank management to prevent an even greater concentration of power in an economy already dominated by large conglomerates.

Commission members agreed in April to limited chaebol participation in bank management, but decided to study further the question of ownership of banks by the chaebol.

"All major items were put aside for later discussion," said Mr. Lee of Daewoo Research.

"It looks obvious that the Finance Ministry wants to keep its clout, visible or invisible, in the sector forever," said Koo Kyong Hoi, analyst at Dongwon Economic Research Institute.

■ Emergency Loans to Banks

The South Korean government will extend $1 billion in emergency loans to 21 local banks that face difficulties borrowing overseas after the collapse of the Hanbo Group, Bloomberg News reported from Seoul.

Korean banks are being forced to pay more than other Asian borrowers because the failure of Hanbo in January raised concern about their finances. The bankruptcy of another steel company, Sammi Group, only heightened investors' concerns.

The foreign-currency-denominated loans will carry interest rates that are 0.25 percentage point less than the rates they are being charged overseas, a central bank official said.

ARGENTINA: *Many Are Left Out of Nation's New Prosperity*

Continued from Page 11

said Arturo Valenzuela, director of the Center for Latin American Studies at Georgetown University. "You have societies in Latin America that continue to be very split between the rich and the poor, and that's not changing fast enough for many people."

At the same time, in Argentina, almost no one is advocating a full return to the old days.

For example, although the "convertibility plan" that pegged the peso to the U.S. dollar has made Buenos Aires one of the most expensive cities in the hemisphere, residents say life still is preferable to the years of four-digit inflation, when the cost of a piece of butter could double in a few minutes.

Officials in the governing party argue that protesters conveniently have forgotten how difficult life was, and how much the standard of living has improved during privatization. In six years, the number of phones in Buenos Aires has soared to 6 million from 1 million, and 1 million cellular phones are registered in the country. The number of households with cable television is exploding, and upscale restaurants and boutiques pepper the finer parts of town.

"The people on the street have a short memory," said Oscar Lamberto, a Peronist congressman who heads the Budget Committee. "Nothing was as bad as the inflation years. We have stability now."

But for people like Mr. Flores, the hunger striker, privatization has taken its toll. With less revenue coming in from state-run industries, his home province of Jujuy must pay part of his salary in government "certificates," worth less than the peso, reducing the value of his salary by 50 percent since 1991. "Now, we must live on eight days of food for an entire month," he said. "I had hope for my 1-year-old son before, hope that he could escape a poor life like me. Now, there is no escape."

Warning for Investors in Foreign Funds

By Carole Gould
New York Times Service

INVESTING

NEW YORK — Because of the strong run-up in the U.S. stock market, investors may be eager to add to their stakes in overseas markets, expecting more value abroad. But they will not achieve the diversification benefits promised by advisers if they buy shares in the typical foreign fund, warns Tricia Rothschild in a recent edition of Morningstar Mutual Funds.

Here is why, according to Ms. Rothschild, the international editor of the newsletter: Asset-allocation formulas that show the advantages of diversification are usually based on the Standard & Poor's 500 stock index (the proxy for United States stock markets) and Morgan Stanley & Co.'s Europe, Australia, Far East index (the proxy for overseas markets).

While the S&P is a good marker of large-cap American equity funds, the average foreign stock fund looks nothing like Morgan Stanley's EAFE. The primary reason, Ms. Rothschild explains, is that the Japanese market accounts for nearly one-third of the EAFE, but less than 20 percent of the average foreign fund. Japanese markets tend not to move in close relationship to U.S. markets.

So it's no wonder that foreign funds fail to deliver diversification benefits. Over the last five years, the S&P index showed declines in 15 months, while the average foreign fund lost money in 80 percent of those months, too.

And returns can be disappointing: The average foreign fund has not performed as well as the EAFE over the last 20 years.

Ms. Rothschild says a small group of foreign funds holds out the possibility of better diversification: international small-capitalization funds, a relatively new group that focuses on smaller companies that are not tied to multinational trends.

Such funds also are more likely to hold stocks in emerging markets. And when the U.S. stock market has struggled, the foreign small caps have held up slightly better than their larger-cap cousins.

■ Wage Increases at Top

American workers may be gaining only slightly on the wage front, but the top officers of mutual-fund companies are doing quite well.

The median income for chief executives of mutual-fund companies rose 18.4 percent in 1996, compared with 30 percent the previous year, according to Fund Action, an industry newsletter in New York. The findings are based on information from 15 publicly held fund companies. The median income, including base salary and short-term bonuses, was $1.45 million, up from $1.23 million in 1995 at the surveyed companies.

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Starts on Page 10

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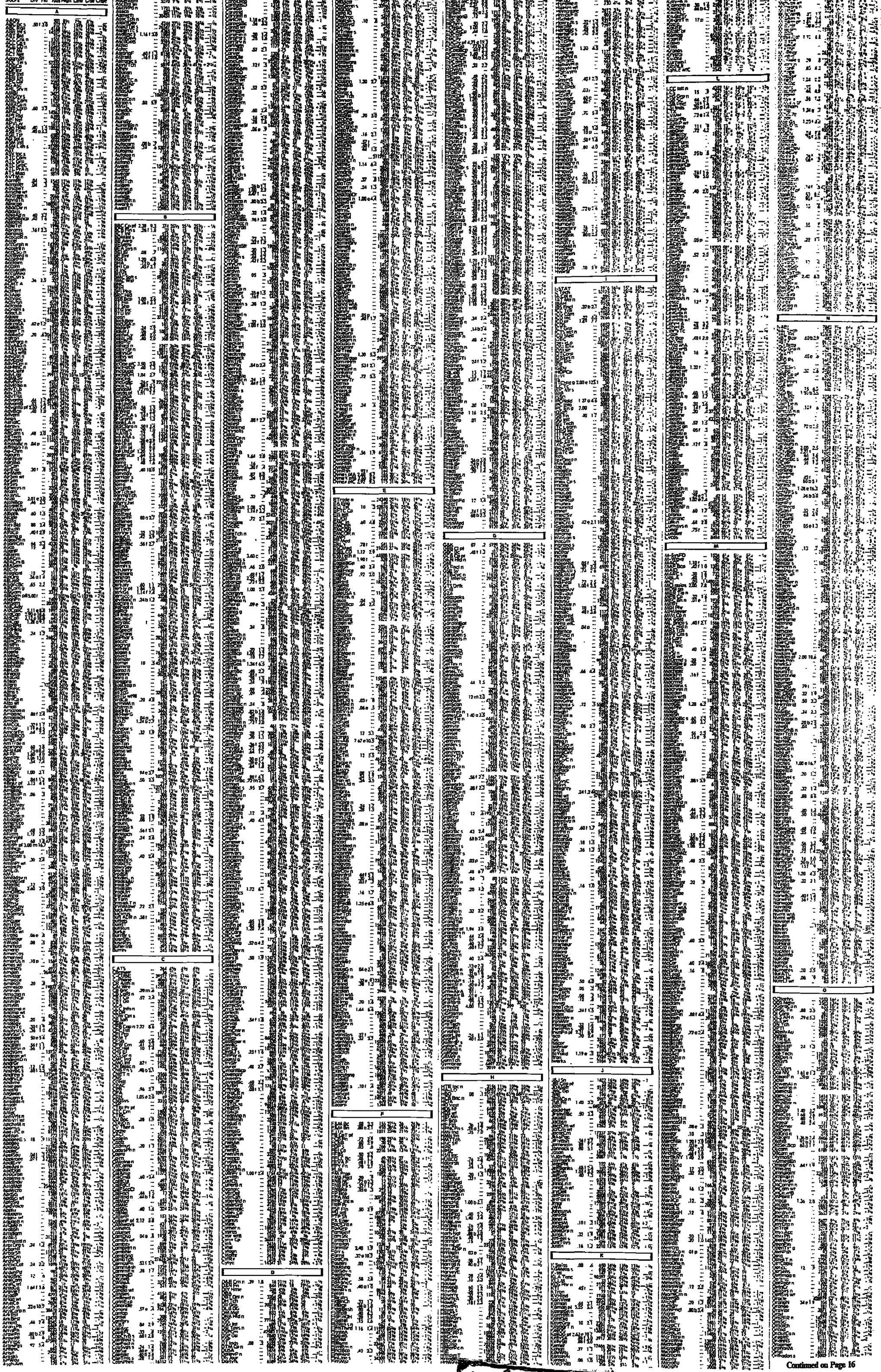
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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, June 20



Continued on Page 16

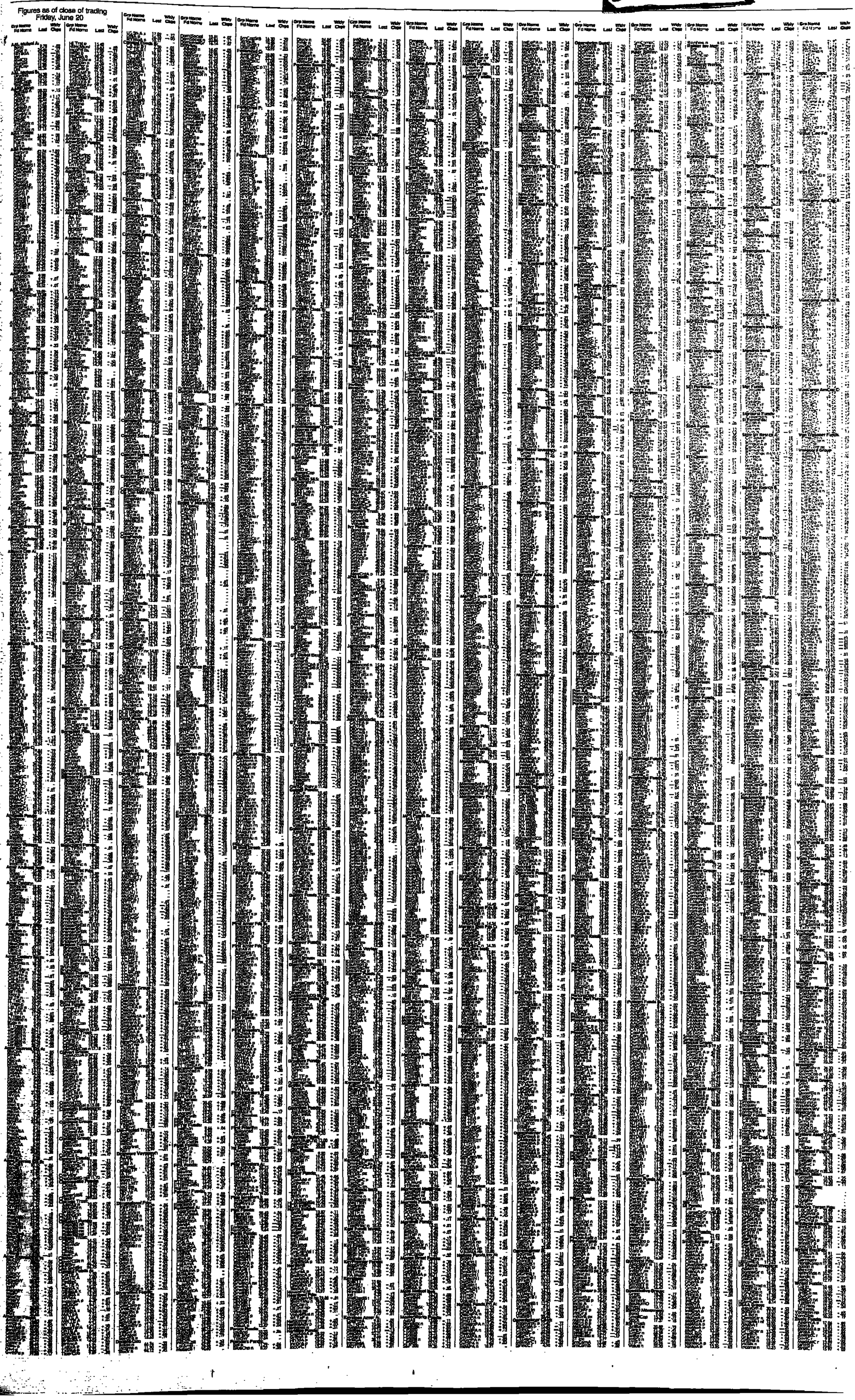
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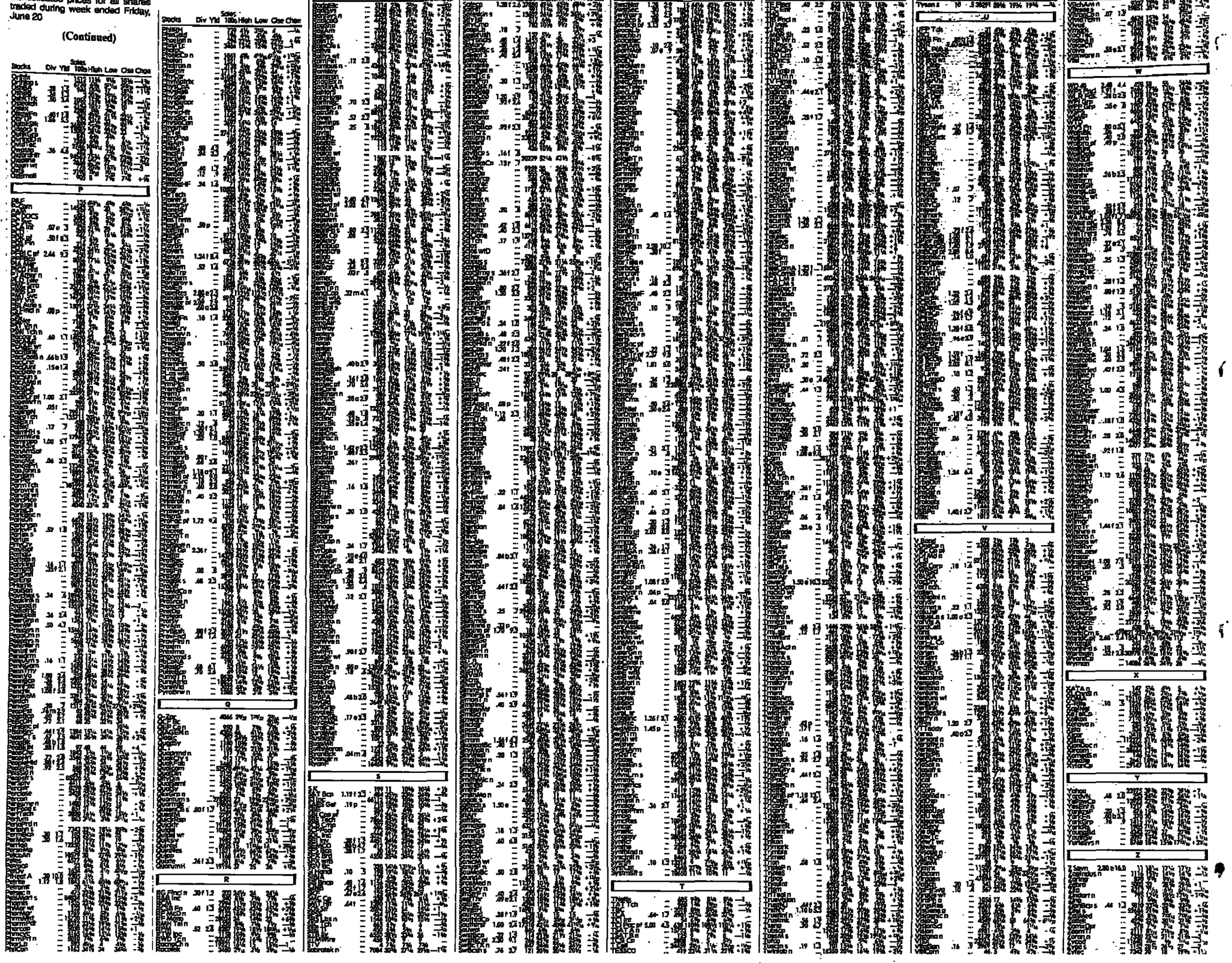
Figures as of close of trading Friday, June 20



NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, June 20

(Continued)



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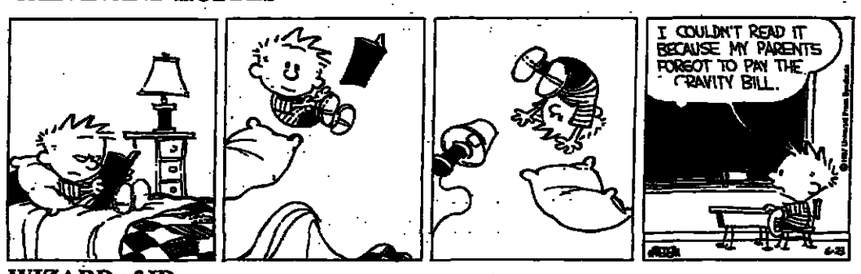


"I WAS GONNA STAY IN AND CLEAN MY ROOM, BUT IT TURNED OUT TO BE SUCH A *NICE* DAY!"

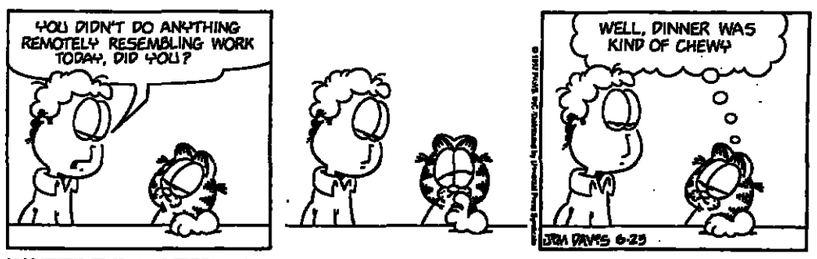
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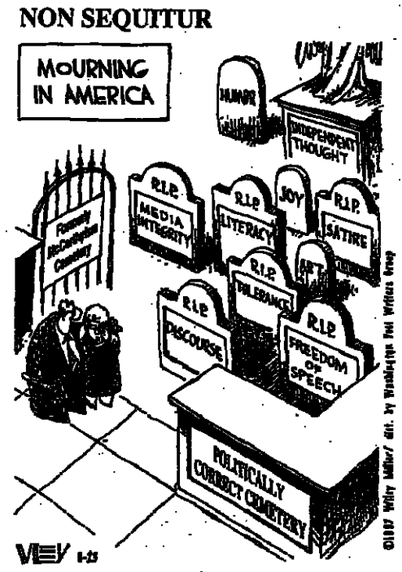
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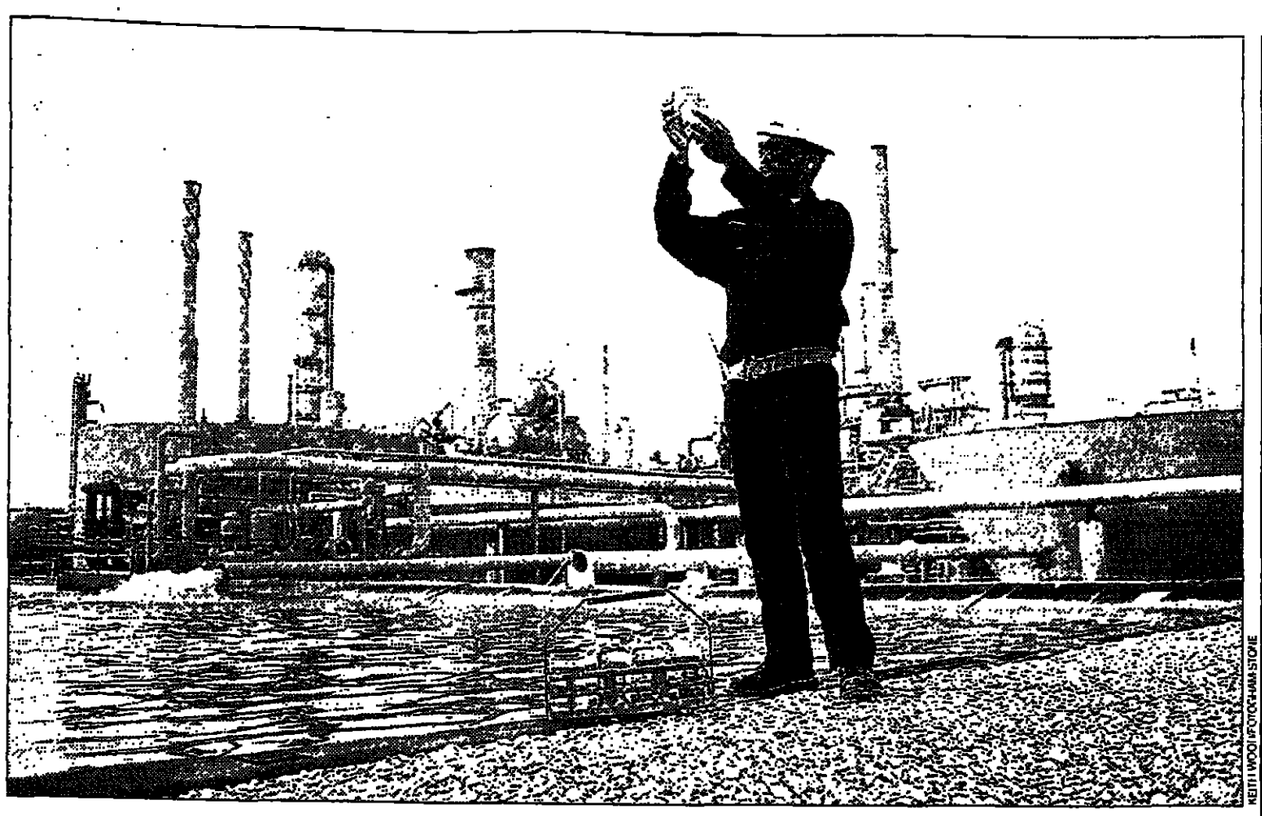
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ECO-EFFICIENCY: Business and the Environment

The business community is taking on a greater role in preventing environmental hazards, as well as in correcting them when they do occur. More and more companies take into account economic, technological and social implications when designing, producing and marketing their products. This week's Earth Summit + 5, a UN Special Session, will look at what has been done since Rio and what still needs to be done to protect the environment. At right, an environmental specialist gathers water samples for analysis at a chemical plant.



KEITH WOOD/PHOTOGRAPH STONE

UN Session to Review Rio

Progress will be assessed and new action plans made.

The United Nations General Assembly is holding a Special Session in New York from June 23 to June 27 to review and appraise the implementation of Agenda 21. This is the comprehensive plan for global action in all areas of sustainable development that was adopted at the UN Conference on Environment and Development, held in Rio de Janeiro in 1992. The Rio conference is popularly known as the Earth Summit.

This month's Special Session is called Earth Summit +5. It is expected to draw 70 heads of state.

Agenda 21 contains strategies for preventing environmental degradation and for establishing a basis for a sustainable way of life on the planet into the 21st century.

"The special session should take a hard, honest and critical look at what has been done and what has not been done since Rio," says Razali Ismail, president of the General Assembly. "We need to recall and re-emphasize the compact that brought about the Earth Summit."

On the agenda

Earth Summit + 5 will:

- Assess global progress made in sustainable development since Rio.
- Show that sustainable development works by highlighting stories of successful efforts that people around the world are making.
- Identify reasons that goals set in Rio have not always been met and suggest corrective action.
- Highlight special issues — such as finance and technology transfer, patterns of production and consumption, use of energy and transportation, scarcity of freshwater — and identify priorities for future action.
- Call on governments, international organizations and major groups to renew their commitment to sustainable development. These groups include women, farmers, NGOs, industries and indigenous peoples.

Large roles

In 1992, the representatives of the 172 governments attending the Earth Summit agreed that urgent action was needed to promote economic and social development while preserving and protecting the environment. After Rio, the United Nations established the UN Commission on Sustainable Development, which monitors and guides implementation of Agenda 21 and other Rio commitments.

As a result of the Summit, the United Nations has held a conference on small island developing nations, negotiated a convention on desertification and set up an intergovernmental panel on forests to promote the sustainable management of forests worldwide. The UN Convention on Biodiversity and the UN Convention on Climate Change also emerged from the Rio conference and are now in force.

As at the 1992 Earth Summit, nongovernmental organizations, as well as business and industry groups, are expected to play a major role.

A.B.

Business Leaders Respond to Rio With Self-Regulation

It is in everyone's interest — whether government, business leader or consumer — to promote a healthy environment.

Five years have passed since the United Nations held the Earth Summit in Rio de Janeiro, Brazil. In that time, governments, businesses and consumers have become more aware of environmental issues.

"In general, there has been an evolution of most groups — whether industry, governments or nongovernmental organizations — toward a recognition that everyone plays a part in reaching a solution," says Livio DeSimone, chief executive officer of 3M and chairman of the World Business Council for Sustainable Development

The Earth Summit became the first major global conference with strong business attendance, partly because business was ready for sustainable development and partly because governments and many NGOs recognized the essential role of business in debating these issues — and indeed that it was in their interest to move the agenda forward.

This was not the scenario a decade ago. Those concerned about the environment often cast business in the role of villain: the primary source of pollution and the main misuser of resources. Today, however, the countries in which business has been most successful in creating wealth for society are those most able to clean up pollution and manage resources.

Now these same countries must encourage developing nations to avoid the more polluting aspects of the early northern industrial revolutions and of the industrialization of centrally planned economies.

"So much of the world needs to improve its standard of living," says Mr. DeSimone. "Unless that growth is controlled in a sustainable way, we will put undue stress on the planet's scarce resources."

Freer trade offers successfully developing nations the opportunity to create the wealth and to obtain the technology and skills to manage their environments more efficiently.

Given the right signals — from governments to reduce wasteful subsidies and to properly cost resources and pollution sinks, and from society to prefer "eco-efficiently" produced goods and services — the business community will respond via market mechanisms and improve eco-efficiency.

Partners in protection

The World Business Council for Sustainable Development is committed to being a partner in protecting the environment. In a recent report entitled "Signals of Change: Business Progress Towards Sustainable Development," the group notes a number of changes in direction and momentum toward sustainable development.

"We think that these changes signal a paradigm shift in the way in which business does business. It is a shift from a fractured view of environment and development issues to a holistic view of business and sustainable development," say the authors, Stephen Schmidheiny, chairman of Anova Holding, and Rodney Chase, managing director of British Petroleum — both former chairmen of the WBCSD — and Mr. DeSimone.

The report discusses a shift from sustainable development costs and challenges to savings and business opportunities; from end-of-pipe approaches to pollution to the use of cleaner, more efficient technology. Environmental issues are seen as company-wide responsibilities.

The road from Rio

Increased voluntary government-industry cooperation, leaner and greener use of resources by companies and more vigilance on the part of consumers are also signs that the road from Rio has been paved with more than good intentions.

"I think many governments have seen that it's better to move in a cooperative direction rather than issuing a set of regulations," says Mr. DeSimone.

Some governments are providing opportunities for business to avoid costly and innovation-stifling bureaucracy by encouraging self-regulation and pacts with government agencies, rather than new environmental laws.

The Dutch, for example, have had considerable success with legally binding agreements (covenants) established in particular industry sectors where commitments are made to reduce emissions and improve environmental performance: the Energy Conservation in Industry program is one of these. A similar agreement aimed at increased efficiency in the use of energy and raw materials is in force in Germany. And Canada has succeeded in designing voluntary pacts with industry to eliminate toxins and tackle climate-change issues.

Shining examples

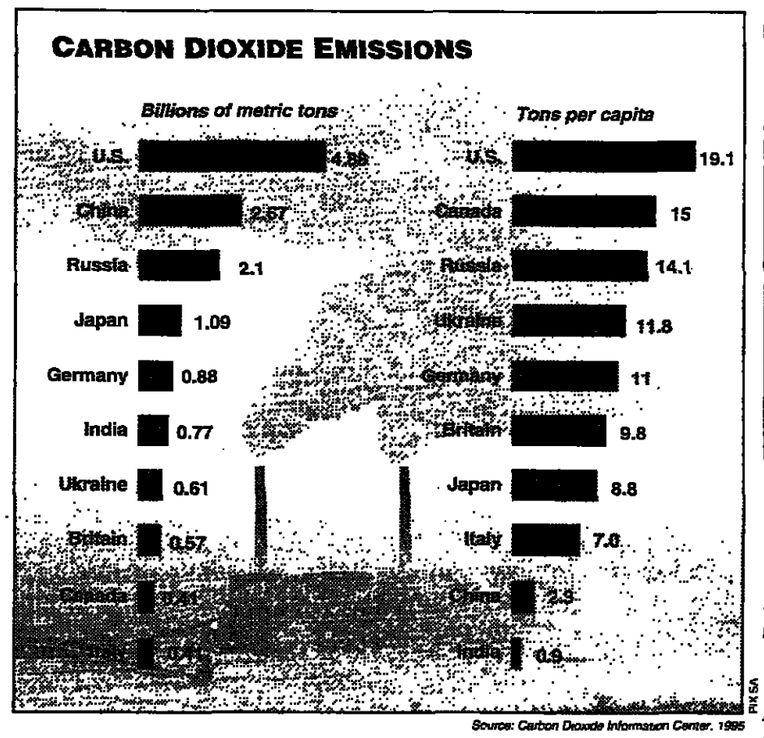
In the United States, the Environmental Protection Agency has started some 50 voluntary partnership programs in different industry sectors to encourage the reduction of emissions and wastes and to devise more environmentally efficient products.

The idea behind the program is to set challenging but achievable targets and then allow companies to devise their own strategies and choose their own technologies to reach the goals. Both DuPont and Dow Chemical, for example, are among the Fortune 500 members that have joined the WasteWise program, designed to reduce solid wastes sent to landfill.

Companies participating in the 33/50 Program had jointly reduced their toxic emissions by 355 million pounds as early as 1994. The computer industry has been a keen participant in the Energy Star program, which encourages energy efficiency in computer and electronic office products.

Waste minimization and resource optimization were management's early response to environmental pressures on manufacturing. Put simply: use less, waste less.

The central tenet of good housekeeping and cutting costs was epitomized by 3M's Pollution Prevention Pays (3P) and Dow Chemical's Waste Reduction Always Pays (WRAP) programs. 3M's program, begun in 1975, has been widely copied. 3M estimates that it has saved itself at least $750 million as a direct result of reformulating products and processes, redesigning equipment and recycling.



Source: Carbon Dioxide Information Center, 1995

PIXSA

Procter & Gamble, the maker of detergents and personal products, has over the past five years reduced disposable wastes by more than 50 percent while increasing sales by 25 percent.

Industry in developing countries is also reaping benefits in the drive toward cleaner production. Environmental improvements at a sugar factory in Mexico, such as reducing water consumption and cutting the amount of effluent discharged, saved the company about $220,000 in the first year, and the investment was paid back within two years.

Cutting waste and making efficient use of raw materials have always made good business sense. The increasing cost of waste disposal, driven partly by tougher laws, has underscored the financial benefits of waste reduction and therefore the improved value to shareholders of such management.

Companies that align themselves with the goals of sustainable development cannot afford to be tainted at any level. They must be vigilant at every stage of the production phase. Their suppliers, for example, must also qualify as "green."

That is why an increasing number of corporate buyers are demanding comprehensive environmental and social information on the products or materials they purchase — a practice that has become known as supply-chain auditing.

Partnerships

By auditing the environmental quality of its suppliers, companies can choose to work with suppliers that comply with the relevant legislation, exploit market opportunities and recognize that environmental quality can be as important a market differentiator as price.

"Our partnership with suppliers has proved valuable in creating significant improvements in quality and environmental performance," says Paolo Cantarella, chairman of Fiat Auto S.p.A.

Several trends suggest that business will pay more and more attention to the sustainable development agenda in order to remain competitive. Environmental regulations are getting tougher, and so is enforcement. For example, companies operating in the United States (and non-U.S. companies listed on the U.S. stock exchanges) are required by the Securities and Exchange Commission to disclose environmental exposures that could affect the company's market value.

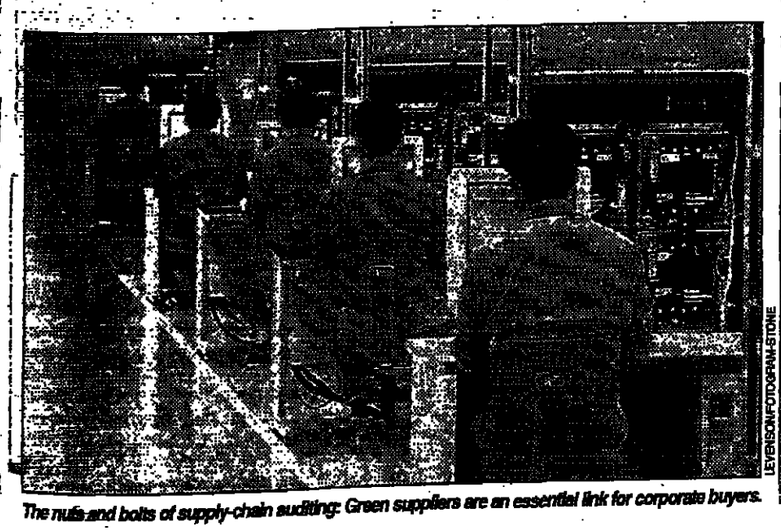
More use is being made of conomic instruments liketradable pollution permits, charges and taxes to encourage improvements.

Green alliances between environmental groups and businesses are continuing to grow. One example is the successful partnership between McDonald's Corp. and the Environmental Defense Fund to cut waste and improve recycling efforts.

Investors want to invest in environmentally responsible companies, the best and brightest people want to work for them, and the public is using its buying power to encourage business to fulfill environmental and social responsibilities, according to the WBCSD's report "Signals of Change."

Change will be influenced by the extent of the political and societal will to encourage change. Freer and more open markets, stable and predictable trade rules, international standards, economic instruments that motivate, fast dissemination of technology and voluntary agreements are all examples of policies that help business support sustainable development.

Amy Brown



LEVENSON-FOTOGRAM-STONE

The nuts and bolts of supply-chain auditing: Green suppliers are an essential link for corporate buyers.

Eco-Efficiency: Business and the Environment

was produced in its entirety by the Advertising Department of the International Herald Tribune.

Writers: *Amy Brown, based in Stockholm and reporting from Rhode Island; Heidi Ellison, based in Paris; James Fahn, based in Bangkok; and Terry Swartzberg, based in Munich.*

Program Director: *Bill Mahder.*

"Eco-Efficiency" is a joint initiative of the International Herald Tribune and the World Business Council for Sustainable Development, supported by Adams Associates (Switzerland). It was sponsored by 3M Company, Anova Holding AG, Avenor Inc., The Dow Chemical Company, Fiat Auto S.p.A., Fletcher Challenge Forests, General Motors Corporation, Hoechst AG, Monsanto Company, Norsk Hydro ASA, The Procter & Gamble Company, Scudders Stevens & Clark, Sony, Storebrand ASA, Unilever N.V., Waste Management International and the display advertisers.

International Herald Tribune

World Business Council for Sustainable Development

State of the Art: Reporting on The Environment

Environmental reports document the problems — and point to some solutions.

Never before has the world faced such an array of grave environmental problems, and never before have so many programs been taking effective action to alleviate them.

A large number of institutes are involved in reporting on both the problems and the problem-solvers. Their individual reports are woven into wide-ranging, incisive overviews by leading environmental organizations.

Many of these organizations belong to the United Nations. The UN's Department for Policy Coordination and Sustainable Development recently published "Critical Trends — Global Change and Sustainable Development," a cogent analysis of the world's economic and demographic megatrends, covering such subjects as trends in world population, energy and materials consumption, and water as a multifunction resource.

"Critical Trends" presents statistics of great pertinence to environmental protection, including those on carbon dioxide emissions and rises in energy consumption. Its focus, however, is not on the environment per se, but on how economic development is governed or limited by the environment and by such human-caused environmental problems as the growing lack of potable water. Status reports from other UN organizations take detailed looks at the problems themselves.

The Rome-based Food and Agriculture Organization of the United Nations recently published a definitive study on the destruction of forests. According to the report, the world's forests covered more than 6.2 billion hectares some 100,000 years ago; today, less than one-quarter of them still exist in their original state. More than half have been destroyed, with the other quarter converted to commercial use.

Forests still account for 26 percent of the earth's surface but will continue to decline, reports the FAO, because of deforestation in the tropics and the spread of acid rain from Europe and North America to most of the industrializing world. In terms of total hectares destroyed, Brazil has been the world's deforestation leader, losing nearly 1. 3 million square kilometers (493,000 square miles) in a single five-year period (1990-95). That represented 2.3 percent of the country's total forest area. During the same period, some 16.2 percent of the Philippines' forest cover was cut down — this was the highest percentage among the world's nations.

What can be done to help reverse this trend? "In forestry, the guiding principle should be one of stewardship, where the growing, harvesting and continuous replanting of trees are integrated with the need to maintain the quality of the soil, air and water — and also to conserve biodiversity, protect animal habitats and preserve the forest's aesthetic qualities," says Paul Gagné, president and chief executive officer of Avenor and co-chairman of the World Business Council for Sustainable Development's working group on sustainable forest management.

Attention to insects

The rain forests being destroyed in Brazil, the Philippines, Thailand and Malaysia cover 7 percent of the world's land surface. According to an exhaustive survey recently conducted by the United Nation's Environmental Program, the rain forests are home to 90 percent of the 1.75 million species

Continued on page 19

ECO-EFFICIENCY: Business and the Environment

To Be Responsible, Take Initiative

Business is teaming up with environmental groups, to the benefit of both parties.

The business world has never been seen as the domain of saintly do-gooders, while the environmental movement has. So how do you convince corporations to cooperate with environmentalists? By showing them that it makes good business sense, of course.

It's not the miracle of the fish and loaves, but the fishing industry provides a clear example of business helping to protect the environment for the mutual good of both. According to the United Nations Food and Agriculture Organization, fully 70 percent of the world's commercially important marine fisheries are either fully fished, overexploited, depleted or slowly recovering.

Obviously, is it not in the interest of a multinational corporation like Unilever, which controls 20 percent of the world's frozen fish market, to let fish stocks disappear. To deal with the problem, Unilever has teamed up with an unlikely partner — the World Wide Fund for Nature. Together they created the independent Marine Stewardship Council, which sets standards for sustainable fishing and awards certificates to fisheries that meet those standards. Beginning in 1998, consumers will know that they are buying environmentally sound fish products when they see the MSC label on the package.

Voluntary reform

A.S. Ganguly, director of Unilever's research and engineering division, says that there has been "a groundswell of support for the MSC, encompassing industry, nongovernmental organizations, politicians and others. These groups and individuals believe that the MSC has the potential to have a significant impact on the biological sustainability of fish stocks worldwide."

Unilever has appointed an independent project manager to ensure that the MSC is fully operational by the end of this year.

Corporations like Unilever, in this case, are referred to as "responsible companies," meaning that rather than wait till government regulations force them to take action to protect the environment, they take the initiative themselves. In the end, whether their motives are selfish or altruistic, or a mixture of the two, is irrelevant. The result is the same and is beneficial to the environment.

The World Business Council for Sustainable Development, an umbrella organization for corporations committed to the protection of the environment and to economic growth and sustainable development, defines a responsible company as one that is "built on the concept of eco-efficiency, with its emphasis on doing more with less. It is profitable and continues to add environmental and financial value for its shareholders and to create wealth in society."

Stand and deliver

Lip service to these ideals is not enough, however.

"One cannot simply sell one's products without assuming responsibility for them," said Konrad Henkel, CEO of the HENKEL company, as early as 1972.

According to the WBCSD, a responsible corporation should create management systems to measure, monitor and improve its performance; have a transparent relationship with its employees and shareholders; and always base decisions that affect the environment on sound scientific analysis.



T. RAKOS/THE IMAGE BANK

Beginning next year, some fish will be labeled as eco-friendly.

The paper industry provides a good example. The third-largest industry in the world, it contributes 2 percent of world trade, with around $260 billion in sales, and employs 3.5 billion people. Long a target of criticism for its destruction of forests, the industry has the potential to transform itself into a sustainable industry by putting into practice forest stewardship principles.

Through the continued development of new wood plantations in the tropics and sub-tropics, the industry could produce enough paper to supply world demand (expected to double over the next 50 years) without jeopardizing a sustainable future.

Two reports issued by the WBCSD, "Towards a Sustainable Paper Cycle" and "A Changing Future for Paper," provide a detailed analysis of the industry.

Heidi Ellison

Saving Nature While Earning Money

Corporations are finding ways to make environmental challenges work for them.

Persuading investors to take the environmental performance of companies into account when they are making decisions about where to put their money is no easy task. By definition, investors are most interested in a return on their money, so environmental awareness has to improve the bottom line and increase share value.

In general, it makes good business sense for a company to avoid causing environmental problems that it will have to pay to clean up later, but the economic benefits of environmental awareness have been demonstrated more clearly by many companies.

Dow Chemical Co. provides a good example of how investment in the protection of the environment can actually create value for a company, rather than just cost it money. In April 1996, the company launched a 10-year program whose goal is to improve its environmental, health and safety performance worldwide. Dow's projections show that the environmental improvements will result in savings of nearly $1.8 billion, or 1 percent of its total revenues, over the 10-year period.

According to a just-released report entitled "Environmental Performance and Shareholder Value," published by the World Business Council for Sustainable Development, more than 50 funds with a total value of $2 billion in the United States and Europe take environmental criteria into account. This represents only 0.5 percent of managed funds, but as bankers and asset managers (notably in insurance companies and pension funds) increasingly stay away from companies with bad environmental reputations, they will naturally favor companies known for their eco-efficient policies.

While the effect of good environmental performance on shareholder value is difficult to isolate and measure, there are indications that there is a positive correlation. In 1996, Storebrand, Norway's leading insurance company, and the Boston-based investment firm Scudder Stevens & Clark launched the Storebrand Scudder Environmental Value Fund. June 20 was the first anniversary of the fund, and the results are impressive. According to Carlos Joly, Storebrand's senior vice president in charge of environmental policy and investment, the fund achieved a net return of between 20 percent and 21 percent in U.S. dollars in its first year, 2 percent higher than the Morgan Stanley Capital International World Index, putting it in the top 20 percentile among global equity funds.

The Storebrand Scudder Environmental Value Fund's results were also 2 percent higher than those of the 800 companies analyzed by Scudder Global Equity, a difference that can only be explained, says Mr. Joly, by the environmental analysis, as the funds are managed and analyzed in the same way.

Debunking the myth

Mr. Joly points out that there is a popular misconception about environmental funds. "There is a myth that holds that the incorporation of social or environmental analysis criteria leads to poor performance. This is not true. The results of the Storebrand Scudder Environmental Value Fund show that not only does an application of eco-efficiency criteria not have a negative effect on performance but can provide enhanced returns."

He adds that many people think of environmental funds as being restricted to the pollution-control technology sector, a niche market that does not always perform as well as might be hoped.

"Our fund is different," he says. "We invest in companies throughout the economy, picking those with the best environmental performance in each sector, whether it is pharmaceuticals, chemicals, airplane manufacture, etc."

Mr. Joly's contention that eco-efficiency can have a positive effect on financial performance has been supported by other data. A study conducted by ICF Kaiser looked at more than 300 of the largest public companies in the United States and concluded that environmental improvements might lead to a substantial reduction in the perceived risk of a firm, accompanied by a possible increase of 5 percent in the stock prices of public companies.

Hot on the heels of the announcement of the Storebrand Scudder Environmental Value Fund's successful first-year results, Swiss Bank Corp. announced the creation of two new funds that will invest in companies with high financial and ecological performance.

SBC Eco Performance Portfolio-World Equities, an equities fund, and Aktien Welt Oeko-Performance, an investment group being launched by SBC's investment foundation AST, are unusual in that they will invest in both ecological leaders and innovators. "Ecological leaders are generally large groups (so-called 'blue chips')," says Franz Knecht, director of Environmental Management Services, "which lead their sector both financially and ecologically, and continually improve their ecological performance. Ecological innovators are mainly younger companies that have been selected on the basis of their innovative and environment-friendly product range."

In choosing the companies, both traditional financial analyses and evaluations of their ecological activities are used. SBC, working with outside scientific experts, has developed a sector-related method of ecological analysis.

The Domini 400 Social Index, launched in 1991, screens large U.S. companies on environmental and social responsibility criteria. When its annualized returns as of September 1995 were compared with those of Standard & Poor's 500, Domini 400 showed results of 15 percent over the previous 36 months, compared with S&P 500's 14 percent. For the previous 60 months, the respective figures were 17 percent and 15 percent. The study was conducted by Kinder, Lyndenberg, Domini.

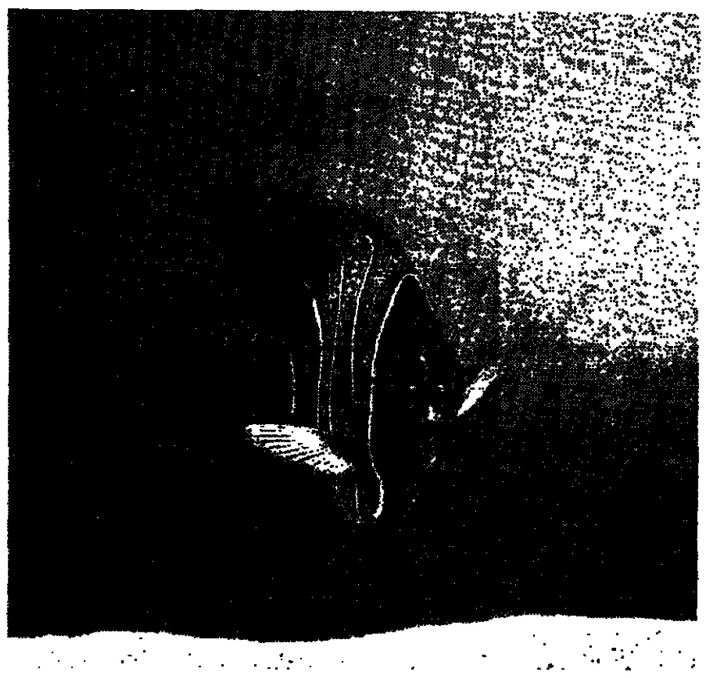
A study by Yamashita, Sen and Roberts looked at the other side of the coin, suggesting that companies with the worst environmental conscientiousness scores have a lower average performance on stock return and concluding that "there is a positive relationship between higher long-term environmental conscientiousness scores and higher stock returns over the long run."

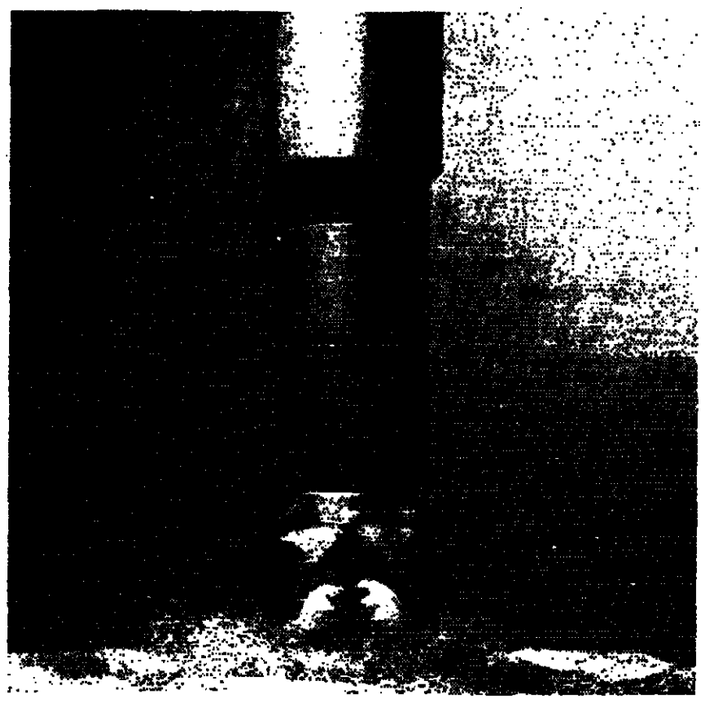
While green investment funds are just starting to come into their own, it is safe to say that environmental considerations will eventually play a greater role in investment decisions.

Companies would be wise to heed the advice of Stephan Schmidheiny and Federico J.L. Zorraquín in their book "Financing Change: The Financial Community, Eco-efficiency, and Sustainable Development" (The M.I.T. Press): "We urge company leaders to build a sustainable development reflex into corporate activities, so that when the markets come to reward eco-efficiency more systematically, company leaders will have their strategies in place, the teams trained and fit, and their stakeholders loyal."

H.E.

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Our environment deserves a new quality.

World Trade Is a Win-Win Proposition

Increasingly, trade pacts and environmental laws support each other, benefiting business and nature.

Whenever global trade expands, new environmental issues and priorities emerge — with new environmental laws not far behind. Examples include environmental taxes, eco-labeling requirements, and laws on packaging and recycled content.

Environmental concerns often pose a major challenge to trade liberalization and access to foreign markets. Some environmental groups see placing restrictions on trade as a key to preserving and expanding existing environmental laws. Their pressure has been an important factor in drafting European Union law, forging the North American Free Trade Agreement and developing World Trade Organization rules.

When trade and environmental laws collide and affect efforts to liberalize trade, industry tends to cry foul and environmental groups to claim victory. A growing number of companies and industry groups, however, such as the World Business Council for Sustainable Development, reject the notion of a trade vs. environment debate.

In a recent report, "Trade and Environment: A Business Perspective," the WBCSD asserts that trade and environment are neither mutually exclusive nor areas that must be in conflict with each other.

Trade can help optimize the efficiency with which resources are used, a key requirement in achieving sustainable development. It can also provide higher levels of wealth to support environmental activities. In addition, open trade enables the flow of technology, which in turn encourages new environmentally beneficial technologies.

A business environment geared to supporting sustainable development needs to depend on freer and more open markets, and stable and predictable trade rules. From industry's point of view, open, competitive markets create the most opportunities for the most people. This requires rules that help guarantee the conditions for freer and fairer competition. The World Trade Organization, for example, attempts to do this through limiting trade restrictions. Environmental standards should be designed to avoid creating barriers to trade, and eco-labeling schemes should, especially avoid being distorted into trade barriers, the WBCSD cautions in its report.

Work on harmonizing international environmental and trade law is being done by the United Nations Environment Program and the Organization for Economic Cooperation and Development, among others. The WBCSD has made recommendations to the WTO for developing measures to bridge the two. The 1987 Montreal Protocol on protecting the ozone layer, the 1989 Basel Convention on transboundary movement of hazardous wastes and the 1992 Biodiversity Convention have all wrestled with the trade-environment dilemma.



THE STOCK MARKET

The Basel Convention aims to eliminate hazardous waste problems.

Ozone protection

The Montreal Protocol was designed to protect the ozone layer from continuing deterioration by human-made chemicals, primarily chlorofluorocarbons, which are to be phased out this year. The protocol includes provisions banning trade in the regulated substances and any products containing them between a party and a non-party to the protocol. The intention is to avoid shifting production from one country to another, in which case global consumption of the substances would not be reduced. It was felt that most countries should participate and that the absence of a trade ban would frustrate the achievement of the goal.

Hazardous wastes pact

The 1989 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal was designed to eliminate the risks arising from the transboundary movement of hazardous and other wastes. The risks include those associated with transportation, handling, disposal and recycling of the waste. Movements from developed to developing countries were the central concern throughout the negotiating process. The convention requires the parties to establish a "prior informed consent" procedure that must be followed before any export or import is allowed to or from another party. This trade restriction was designed to allow the parties to ensure the safe handling, transportation and disposal of the wastes.

Considerable controversy remains over the adoption of trade bans between developed and developing countries, particularly the ban on recyclable waste products. Industry was firmly opposed to this ban, but in the face of claims that foreign hazardous waste was causing damage in developing countries, industry had no alternative strategy for dealing with the potential environmental effects of the transboundary movement of recyclable products. The lesson learned is that it is not enough to be opposed to trade measures simply on principle, but that environmentally focused alternatives must be offered.

Biological diversity

The 1992 Convention on Biological Diversity provides a somewhat different approach to the trade issue. Its focus is on conservation, which includes the sustainable use of global biological diversity (biodiversity). It includes no bans on trade in any products but reverses the previous presumption of free access to genetic resources in developing countries.

The natural genetic resource is based on the prior informed consent of the resource-owning country. It can make this consent subject to conditions on sharing benefits that result from the access, depending on the goals and market issues that prevail.

This convention established a new basis for trade in biological resources. It is intended particularly to provide developing countries with benefits that reflect the global value of the resources over which they have territorial responsibility in order to support their conservation.

A bridging mechanism is a major requirement for furthering the constructive relationship between trade law and multilateral environmental agreements. Such a mechanism would allow for the least trade-restrictive international regime consistent with achieving the intended environmental protection and sustainable development.

A.B.

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ECO-EFFICIENCY: Business and the Environment

STATE OF THE ART: REPORTING ON THE ENVIRONMENT

Continued from page 17

of life forms now known to science.

As UNEP notes, however, a further 12,000 species are discovered each year. According to the IUCN (the World Conservation Union), this is because scientists are shedding their predilection for investigating vertebrates and starting to devote more attention to insects, which account for 55 percent of all the world's species.

In scientific reports, the current rate of species extinction is pegged at anywhere from 70 to 300 a day, with UNEP putting it at 137. This wide variation derives from the magnitude of the task of chronicling the fate of each species, as well as the length of the time frame used as a base of evaluation.

Volunteers for survival

One of the largest task forces covering this subject is made up of 7,000 scientists, field workers, government officials and conservation officers. They all work — on a voluntary basis — for the IUCN's Species Survival Commission, one of six such bodies within the international organization.

The SSC's "Animals in the Red: Mounting Evidence of Jeopardy to the World's Species" (October 1996) found that a full quarter of all mammal species are "at risk of extinction," that 23 of the 27 orders of birds contain threatened species and that just less than half of all species of mollusks are classified as threatened.

When forests are destroyed, the land formerly occupied by them is converted into agricultural fields, meadows for grazing and settlements. Unsatisfactory methods of cultivation, overgrazing and population pressure have seriously damaged these lands. UNEP has classified 15 percent of the world's land surface as "degraded." Number one in this category is Europe, with 23 percent of its surface seriously impaired. The major cause of land degradation is erosion due to water.

Overflows of water are largely caused by the destruction of the forest-based ecosystems, the leading freshwater-retention system in the world. Without forests to slow down the process, rainfall very quickly becomes flood water that strips away valuable topsoil as it rages toward the sea.

Rivers often pose a serious environmental problem. The first impartial audit of Poland's rivers, for instance, found 92 percent of them "beyond classification" — meaning that their level of pollution was worse than that described by any existing category.

More thirst, less water

While the world has been busy destroying its reservoirs and rivers, its thirst for water has been dramatically increasing, reports the FAO. Over a recent 44-year period (1950-94), the world's consumption of water increased sixfold. As a result of falling supply and increasing demand, the per-capita availability of fresh water declined 57 percent between 1950 and 1995.

The consequence of all this is that 2 billion people do not have access to clean water or sanitary facilities, causing 250 million of them to fall ill — and 5 million of them to die — every year.

Published by the United Nations Commission on Sustainable Development, the "Comprehensive Assessment of the Freshwater Resources of the World" has somewhat different findings. According to the study, "20 percent of the world population does not have access to safe drinking water, and 50 percent lacks water for proper sanitation. At any given time, approximately one-half of the people in the developing world are suffering from a sickness associated with bad water."

The divergence in the sanitation and sickness figures stem from differing definitions and methodologies. Some studies rely exclusively on the official data issued by individual nations, no matter how doubtful the provenance of that data often is. Others extrapolate estimates pertaining to the entire world from statistics put together by "reliable reporters" — countries with credible environmental information.

There are no quibbles about the accuracy of the data issuing from the worldwide network of air-quality and temperature-measuring stations. There is still no certainty, however, about what the data means, although the accumulating weight of evidence is increasingly bearing out early projections.

In its First Assessment Report (published in 1990), the Intergovernmental Panel on Climate Change says: "Humanity's emissions of greenhouse gases are likely to cause rapid climate change. . . . Climate models predict that the global temperature will rise by about 1 degree-3.5 degrees C by 2100. This projection is based on current emission trends and contains many uncertainties, particularly at the regional level."

These trends continue today. According to the IPCC, the concentration of carbon dioxide in the earth's atmosphere in the year 2030 will be twice that of the pre-industrial era, unless this rise is checked by sweeping measures.

The increasing influx of greenhouse gases into the atmosphere is now expected to cause the mean sea level to rise by some 15-95 centimeters (5.91-37.4 inches) by 2100. The lower figure would suffice to produce flooding and to unleash a wide range of changes in the temperate zones' ecosystems.

Little uncertainty exists as to the state of the world's ozone layer. In a re-enactment of what has happened in the southern hemisphere, the northern hemisphere's ozone layer "will achieve an unprecedented thinness in the summer of 1997," states a report issued in preparation for the Ninth Meeting of the Parties to the Montreal Conference, to be held Sept. 9-17, 1997. It will once again be held in Montreal, the venue of the first International Conference on the Ozone Layer.

Reversing the depletion of the ozone layer is probably the most pressing problem facing the world. At the same time, no problem has proven more tractable to concerted action by the governmental, consumer and corporate sectors.

International agreements

The production by the world's industrialized countries of fully halogenated chlorofluorocarbons (CFCs) — the single most significant cause of the deterioration — was halted on Jan. 1, 1996. The world's nations have agreed to cease all production of CFCs by 2010 and of the five other main destroyers of the ozone layers by 2002 to 2015.

Many of the world's leading companies have shown themselves capable of replacing CFCs and similar compounds with environmentally friendly materials. In its 1997 Environmental Report, Sony, for instance, states that it "was able to eliminate all ozone-depleting substances from its worldwide operations by April 1993."

Issued by an increasing number of companies, whose actions have a tremendous impact on the environment, these reports detail the status of the companies' environmental protection programs.

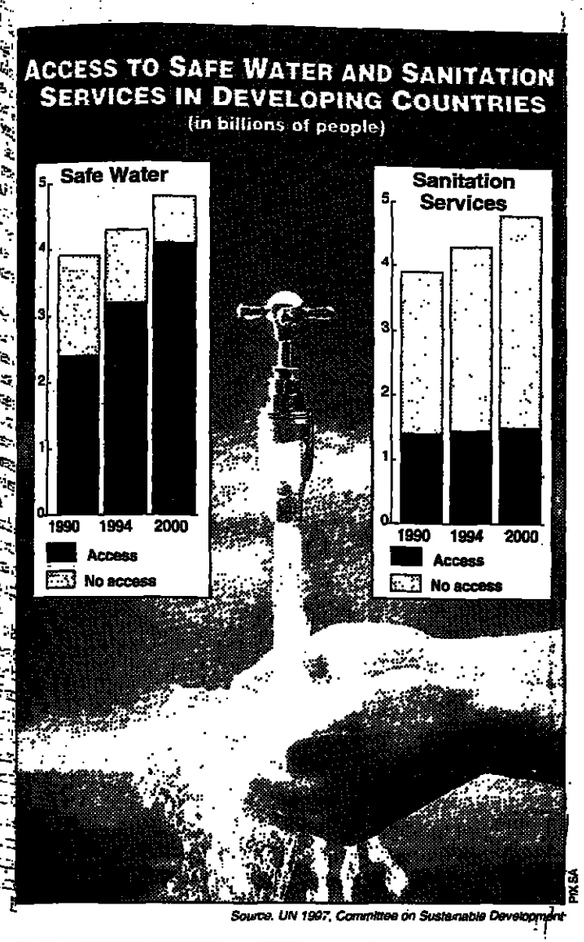
Employing nearly 160,000 people, the Sony Group in 1995 consumed energy equivalent to that contained in 836,000 kiloliters of crude oil, as well as 23 million tons of water; at the same time, it generated 190,000 tons of waste.

The company has achieved substantial reductions in all three of these items and made major improvements in all of its other areas of environmental impact. These achievements highlight a second function of these environmental reports: They provide highly useful benchmarks against which other companies can measure their own environmental protection programs.

For all parties involved in environmental protection, such reports have a highly instructive message: By deploying advanced technologies and womb-to-tomb-to-womb environmental planning, companies can achieve economic growth without having a negative impact on the environment. No international organization has yet issued a report adding up all of the individual, quantifiable environmental improvements achieved by companies such as Sony into a single set of statistics. The World Business Council for Sustainable Development, however, has published a wide range of reports that, by their breadth and depth, provide highly informative and qualitative analyses of the status of corporate environmental protection.

In addition to presenting pertinent case studies, the World Business Council for Sustainable Development's reports also marshal the evidence available to show that profitability and environment-friendly business conduct are increasingly linked to and dependent upon each other.

Terry Swartzberg



Source: UN 1997, Committee on Sustainable Development

BIODIVERSITY COUNTDOWN

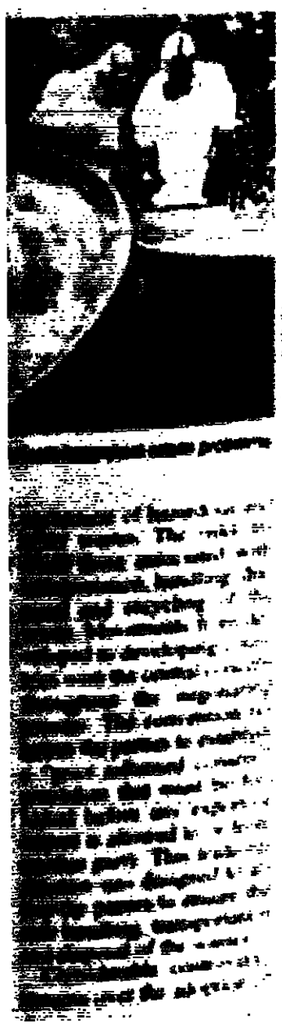
	Number of threatened species	Recorded number of extinctions in past 400 years
Mammals	1,098	89
Birds	1,187	108
Reptiles	253	21
Amphibians	124	5
Fishes	734	92
Invertebrates	1,891	326
TOTAL	5,205	641



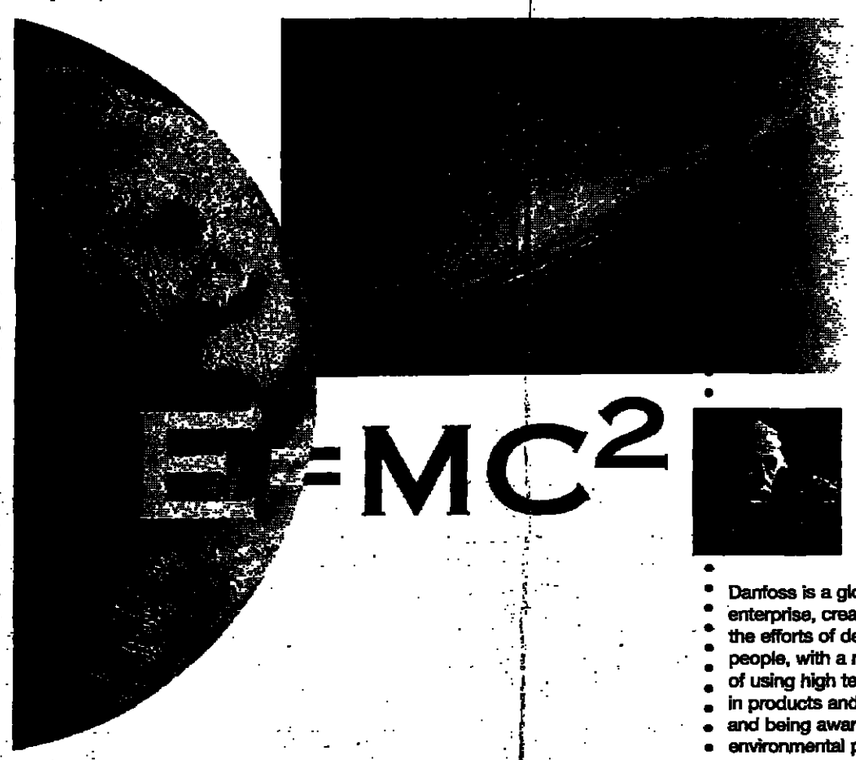
TOM STEPHENSON/WWF-UK

Source: WCMC Oct. 1992

WIN-WIN PROPOSITION



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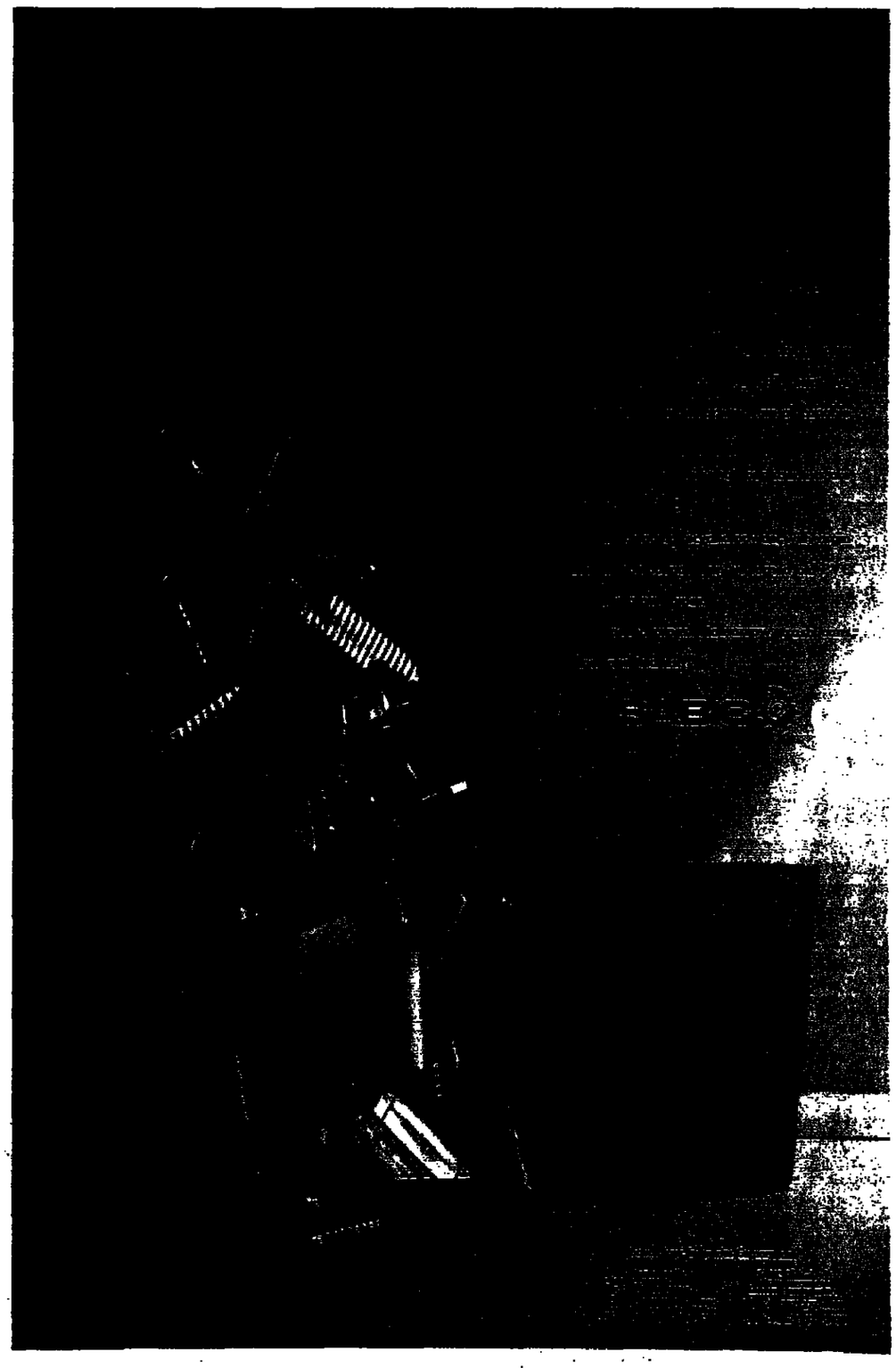
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THE POWER TO PROVIDE

ECO-EFFICIENCY: Business and the Environment

COMPANIES ARE LEARNING TO DO MORE WITH LESS

What is eco-efficiency, and why is it good for business? Companies are putting sustainable-development principles to work.

The 1987 report of the World Commission on Environment and Development (known as the Bruntland report) defined sustainable development as progress that "meets the needs of the present without compromising the ability of future generations to meet their own needs."

The report brought together environmental and developmental concerns in a way that introduced new actors — including business — into the debate. The Bruntland report called firmly for economic growth with a new technological and social content. Five years later, the Rio conference spurred a further "conscience movement" among business leaders.

Putting ideas to work

Today, the principles of sustainable development are being converted into ideas that business can understand and put to work. Chief among them is eco-efficiency, a management approach developed by the World Business Council for Sustainable Development and promoted by the United Nation Environment Program's Cleaner Production Program. Eco-efficiency calls for economic efficiency — using fewer resources and producing less waste mean saving money and generating profits. It also calls for ecological efficiency — less waste and fewer raw materials protect the environment by conserving nonrenewable natural resources and reducing pollution. Eco-efficiency encourages businesses to become more innovative, more competitive and more environmentally responsible than ever before.

The concept, designed to help companies support sustainable development, has been adopted by many corporations and business schools. It is one of the defining principles in a new investment fund, the Storebrand Scudder Environmental Value Fund, which has found that eco-efficient companies in general provide a greater return on investments.

The concept of eco-efficiency makes several demands on companies: reduce the material and energy output of goods and services, reduce toxic waste, make materials recyclable, maximize sustainable use of resources, increase product durability and increase the service intensity of goods and services.

Eco-efficiency challenges businesses to find new ways of working without immediately sacrificing their traditional practices. The philosophy capitalizes on the business concept of value creation and links it to environmental values. "More and more companies are incorporating these concepts into their operations," says Livio DeSimone, chief executive officer of 3M and chairperson of the World Business Council for Sustainable Development. "Even if they have not yet translated eco-efficiency into action, they are at least asking, 'How does this affect me? What should I do here?'"

The goal of eco-efficiency is to create value for society and the company by doing more with less over the life cycle of a product or service. Eco-efficiency is reached by delivering competitively priced goods and services that satisfy human needs and improve quality of life while progressively reducing ecological impacts and resource intensity throughout the life cycle to a level in line with the earth's estimated carrying capacity. "The challenge for business is to keep up the momentum of continuous improvement in performance," says Rodney F. Chase, managing director of British Petroleum. "This applies as much to the environment as to business results. But today, environmental issues and the agenda for sustainable development have an increasingly international dimension."

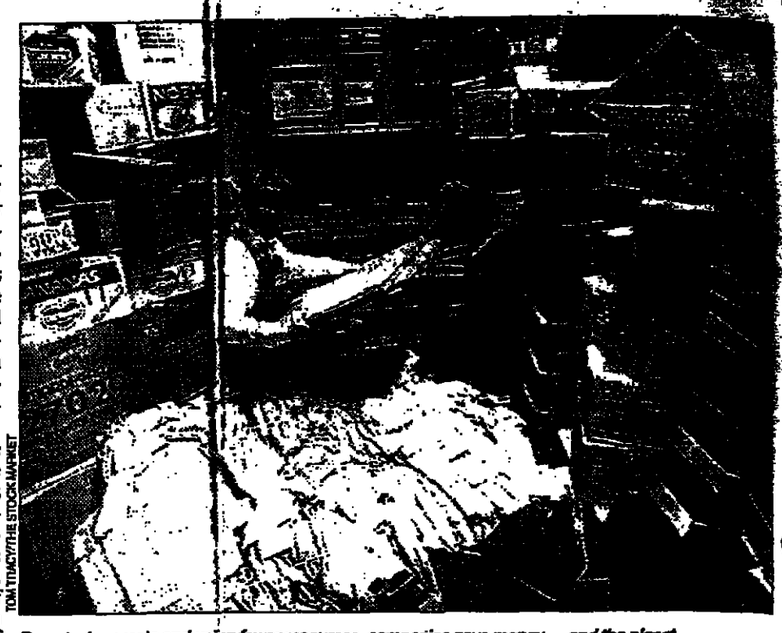
Some companies, such as 3M, are putting eco-efficiency to work by preventing pollution at the source and strengthening the company by conserving financial resources. Each new product and its associated production process are developed with consideration for the elements of eco-efficiency, reducing the impact on the environment and improving the use of natural resources while meeting customers' needs and returning a profit to the corporation.

Life-cycle analysis

Life-cycle analysis is among the tools most frequently used by businesses to measure the eco-efficiency of their products and processes. Life-cycle analysis involves listing the various positive and negative environmental aspects of a specific product or process. If an environmental choice has to be made between two or more products, it can be achieved by looking for a product that has a greater balance of points in favor of the environment.

Xerox, for example, is using product life-cycle environmental assessment as a tool in its design-for-environment tool kit. One life-cycle analysis study demonstrated that paper manufacturing and the use of energy in a small mid-volume copier were the primary contributors to the copier's environmental impact throughout its life. These findings will be used to support research and technology investment decisions and to serve as a baseline to identify opportunities to improve environmental performance.

Significant efforts have been made to improve the eco-efficiency of electronics equipment. The Comprehensive Approach for the Recycling of Electronics (CARE) was founded in 1993 under the aegis of Europe's EUREKA research initiative. This grouping of 125 companies is busy implementing its "Vision 2000" program. The program has two interrelated components, says Lutz-Günther Scheidt, who directs Sony's Environmental Center Europe. "One is to produce fully recyclable electronic goods," he says. "Doing so entails meshing the individual parties' development activities. And that, in turn, involves delineating the parameters of such links." Strongly supported by Sony, many of these delineations were performed at CARE Innovation '96, a congress held in Frankfurt in November 1996. It will be followed by further events in Vienna and Hannover.



TOM TUCK/THE STOCK MARKET

By reducing waste and using fewer resources, companies save money — and the planet.

The other key objective of CARE's "Vision 2000" is to compile product descriptions that draw consumers into the life-cycle process, says Mr. Scheidt. "Informed consumers are looking for benchmarks that they can use to ascertain how recyclable and eco-friendly a product is. Listed on the products themselves, CARE's product indicators will provide the consumers with these benchmarks — and promote the purchase of environmentally friendly items."

Eco-efficiency is also about finding new energy technologies. While it is clear that many of the world's people will need greater access to energy, it is not clear how much of this can safely be derived from carbon-based fuels. Given the right market signals, businesses will provide new energy technologies. Energy efficiency in the future is very likely to include pricing systems that provide incentives for efficiency, as well as to set energy-use and pollution-control performance standards for modes of transport.

Guidelines for sustainable industrial processes include adopting low-waste technologies, recovering and recycling waste materials (both during and after the manufacturing process) and practicing material life-cycle management for wastes. Most of these guidelines are within the reach of existing — and economically viable — technologies.

To increase eco-efficiency, several European nations have endorsed the idea of "Factor 10." This is a goal of tenfold improvement in productivity in the long term, with perhaps an intermediate goal of "Factor 4," a fourfold improvement over the next two or three decades.

Eco-efficiency encourages people to think not only about preventing pollution from reaching the environment once it has been produced, but also about creating less waste from start to finish.

Producers and consumers are now beginning to think about what is being produced and consumed, and how it affects the environment. This once-radical way of thinking is the ultimate goal of eco-efficiency. A.B.

SUSTAINABLE MARKETING

Consumers are now rating products on an ecology scale.

As environmental concerns have gone mainstream over the past decade, marketers have learned more about selling "green" products. First, being green is not a luxury — consumers now expect it, along with quality, performance and price. Second, consumers want plain facts, not hype, about products. And third, companies should be prepared to back up the claims that they make.

"Environmental attributes have largely become an expectation of overall quality and performance," says Jacquelyn Ottman, president of New York-based Ottman Consulting, Inc., which advises marketers on environmental and consumer issues. "It's impossible to walk down a supermarket aisle these days without finding a laundry detergent that doesn't make a 'no phosphate' claim. The bar has been raised. Now it's a matter of going one step further."

That next step involves a move from environmentally sound products to environmentally sustainable products. For example, once toothpastes are in recycled packages, the next step is to make the package smaller, or to concentrate the liquid to make the product smaller.

According to recent polls, U.S. consumers are likely to respond to such efforts. The environment is among the top five factors consumers think about when making a purchase, and 10 to 15 percent of all new products are making some sort of environmental claim in their labeling and advertising.

The United States Federal Trade Commission has issue guidelines for companies that wish to make those claims, and as a result, says Ms. Ottman, marketers are more confident about making green claims. The International Organization for Standardisation (ISO), in ISO 14000, is compiling guidelines for terms relating to manufacturing, processing, and product-in-use characteristics that should also help.

Just as important in a company's green marketing efforts is a company's overall reputation.

"Companies that don't establish a positive environmental reputation are likely to be left behind because many consumers don't understand what makes a specific product green, so they rely on a company's reputation for corporate environmental responsibility," says Ms. Ottman.

Even given consumer confidence in a company's reputation and the company's understated yet convincing advertising campaign, green products might not sell. In England, for example, consumers professed their willingness to spend more for green products — but British supermarkets were overstocked with products that those same consumers later claimed were too expensive. In the United States, study after study has found that consumers do not buy the products they claim to prefer. Some of the reasons, according to James A. Roberts, assistant professor of marketing at Baylor University in Texas, are that green products are more expensive; price, quality and convenience are still important factors; 70 percent of American adults say they disbelieve comparative environmental claims; and businesses hesitate to offer green products because of strict state enforcement of deceptive-claims legislation.

Tie-breaker

Despite these findings, there is a large enough segment of interested consumers to warrant the attention of companies wishing to market the environmental aspects of their products, says Prof. Roberts.

"Environmental performance alone is not enough to sell a product," says Björn Stigson, executive director of the World Business Council for Sustainable Development. "The consumer is not buying a green product unless that product is price-worthy and performs the same function. Consumers are not paying form something just because it is green. But if the price is the same and it performs the same function, people will select the green product."

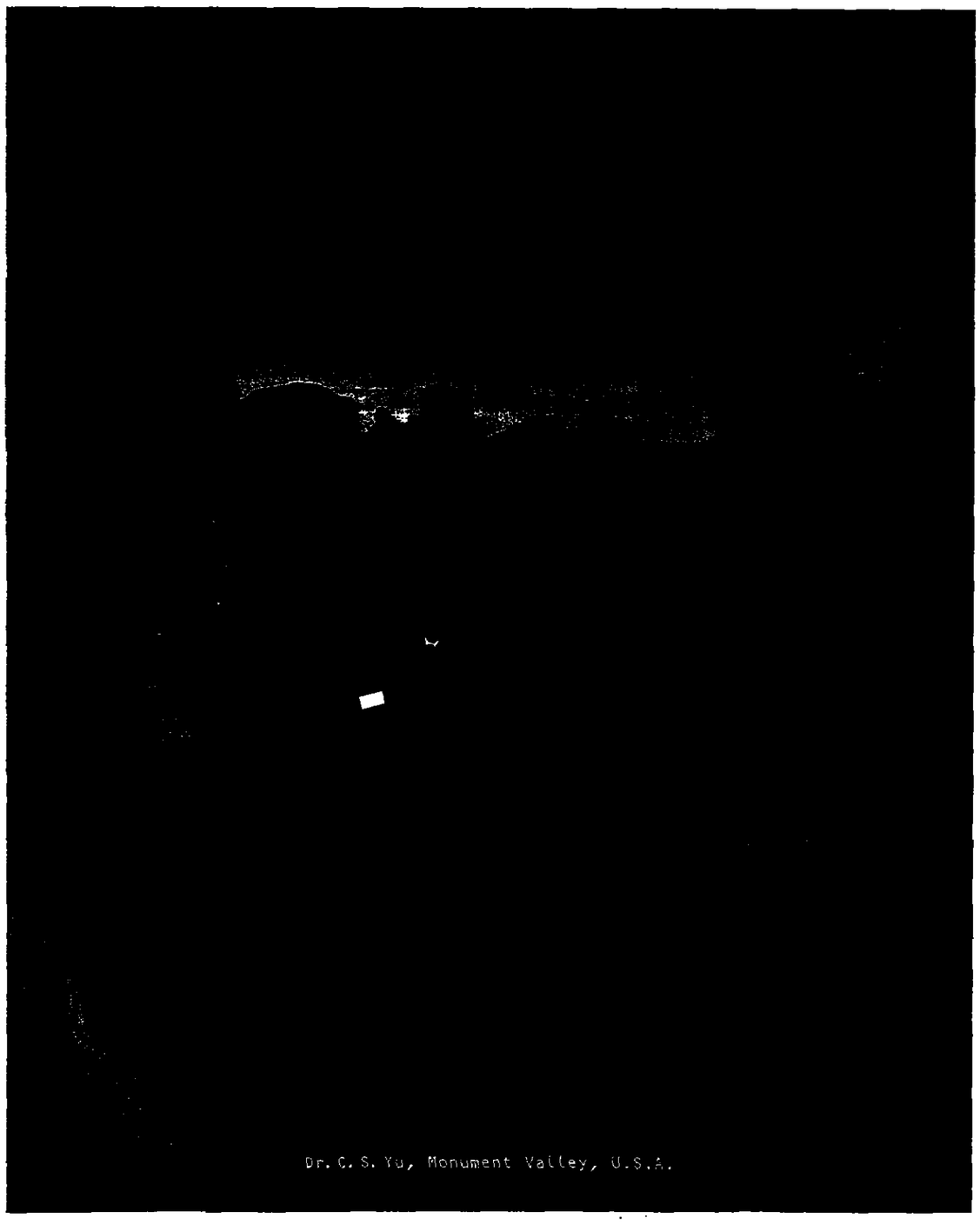
The WBCSD has a working group to study these issues. The group is headed by Antonia Axson Johnson, chairwoman of Axel Johnson AB, and Edwin G. Falkman, chairman of Waste Management International.

Growing environmental consciousness among consumers is likely to shift the balance in favor of green marketing. Consumers know that they share responsibility for a clean environment. According to a Roper poll, 88 percent of Americans agreed that "protecting the environment will require most of us to make major changes in the way we live."

Companies that educate about environmental benefits also improve their chances. With education, consumers are more willing to pay a premium for some types of goods and services. Alliances between private and public groups also help to extend an organization's resources and influence.

One key difference between today's green consumers and those of yesterday is a strong belief in technology to solve environmental problems. They expect state-of-art products, according to Ms. Ottman, and are pragmatic, take-charge consumers with a mission. Industry should take this mission into account in the next wave of green marketing, she says. A.B.

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ECO-EFFICIENCY: Business and the Environment

THERE'S NO 'MAGIC BULLET'

Why is it so challenging to transfer environmental know-how?

When it comes to solving environmental problems, there is often nothing that a government official from a developing country likes more than a "magic bullet" — a technical solution, usually brought in from abroad, that does not require the mustering of political will or public sacrifice.

Indeed, governments in many developing countries like to view the environment as solely a technical issue. That's probably why environmental agencies tend to be lumped into science and technology ministries, and why environmental officials can talk for hours on the subject of technology transfer — the process of importing know-how from developed countries to their own.

Transferring environmental technology to developing countries has turned out to be difficult, however. One problem lies in the ability of these countries to assimilate sophisticated equipment. Success requires more than the supply of physical hardware. Experience shows that inculcating the skills to use the equipment is crucial to success. Without the training programs for maintenance, for implementing appropriate management systems and for environmental protection, the "hardware" almost always disappoints.

"Environment technology has grown up largely in response to local needs in the West and Japan. The basic problem in Asia is that the technical and engineering base is not there," says Paul Clements-Hunt, head of research for the environmental information unit of SGS (Thailand). "There is a shortage of technicians and plant operators who can solve mechanical failures, and simply a lack of appreciation of operations and maintenance procedures."

The other major problem is finding the money to pay for all this technology. Following the Earth Summit five years ago, there was a great deal of hope that massive flows of green aid from the North would clean up the South — or even better, help developing countries to avoid repeating the mistakes industrialized countries have made. But, to the bitter regret of developing countries, the promises made at Rio have proven to be illusory. Only a few countries — such as Denmark, which has undertaken major environmental aid programs in Thailand, Malaysia and South Africa — seem to be living up to their Earth Summit pledges. In general, official overseas aid of all stripes has decreased and, given the mood in many donor countries, looks set to decline further.

That may not be a bad thing. Aid money is often misdirected or used inefficiently. Most of it goes toward development projects that can have a negative impact on the environment and local communities. Even when it is explicitly targeted for green purposes, it sometimes seems aimed more at improving a donor country's exports than at meeting the needs of developing countries. As a proportion of the funds flowing into developing countries, private capital has risen from 33 percent in 1991 to 75 percent last year, according to the World Business Council for Sustainable Development; this trend is also being seen when it comes to environmental markets. Officials from developing countries now generally accept that they need to set up these markets for green goods and services, and then let private investment flows decide where the money should go.

The WBCSD has been instrumental in promoting this new trend. Established before the Earth Summit under the guidance of Swiss industrialist Stefan Schmidheiny, it has brought together more than 600 business leaders concerned about the environment from around the globe into 15 national and two regional networks, along with four partner organizations; it includes chief executives from some of the world's largest corporations.

A global network

The WBCSD's global network is spread throughout Africa, Latin America, the Gulf of Mexico, Asia Pacific, and Central and Eastern Europe. In addition to influencing governments to change policy frameworks and carrying out training programs to help eliminate destructive business practices, the councils also implement projects for sustainable development.

Speaking of technological cooperation with developing countries, Harry J. Pearce, vice chairman of General Motors Corp (a WBCSD member), says: "The General Motors systems approach combines education, cooperation and collaboration, and technology as keys to success and sustainable development in developing countries."

The Thailand BCSD is headed by one-time Prime Minister Anand Panyarachun, a former businessman and diplomat who is one of the country's most popular statesmen. Mr. Anand regularly speaks to audiences on the need to promote eco-efficiency, and he has helped to establish the Thailand Environment Institute, a local think tank that works closely with business on ways to improve the environment.

Eco-efficiency projects can range from sustainable forestry programs to CFC-substitution work. There are examples spanning the globe. General Electric Lighting of the United States, for instance, helped Tungsram, a formerly state-owned lightbulb manufacturer in Hungary, bring its environmental standards and quality control up to levels seen elsewhere in the West. (The U.S. firm is now a majority owner of Tungsram.)

The BCSD in Colombia, meanwhile, has been helping small and medium-sized businesses to improve their efficiency by cutting pollution — a key target since such companies typically make up a developing country's industrial base but lack the expertise to improve their environmental performance.

North-South projects

The WBCSD is also a key supporter of Joint Implementation — projects using investment and technology from the North to help countries in the South avoid emitting greenhouse gases (GHG) that lead to global warming. Forests that can serve as carbon sinks grow faster in the tropics, for instance, and there are more opportunities to improve efficiencies among utilities in developing countries. A consortium that includes Tokyo Electric Power is already working in Indonesia to develop an electrification project using renewable sources of energy.

JI is still in its pilot phase, and many hurdles remain: There is no agreement yet on how much credit for reducing GHGs the Northern investors would receive, and some JI — such as monoculture plantations of fast-growing tree species — could prove controversial with local environmentalists. Nonetheless, if carried out with sensitivity, JI has huge potential.

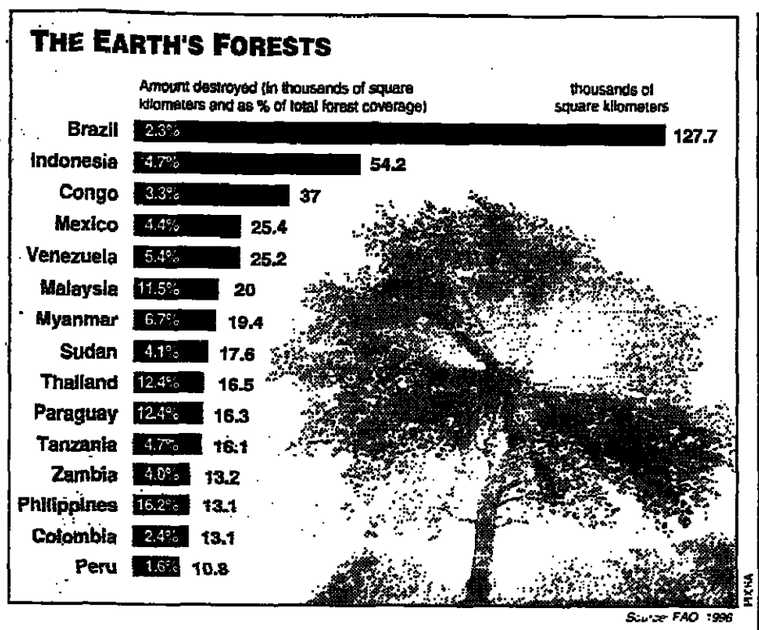
So do environmental markets as a whole. Although all estimates of their size probably need to be taken with a pillar of salt, Helmut Kaiser, a German consultant, estimates the global market for environmental technology at $400 billion, with a third of that going to the developing world. To realize this potential, Mr. Clements-Hunt recommends that foreign companies go local, first by working with local academics to adapt the technology.

The next step is to set up a local fabrication plant. Even if it is high in added value, the proprietary material that is actually transferred is usually quite small. As a result, most equipment can be manufactured locally, where developing countries have the necessary skills and low-cost advantages.

"They can bring in appropriate technology, polish it down, make it work in a tropical environment. The equipment generally should be stand-alone and mechanically sound because there simply is not going to be the same level of operations and maintenance," Mr. Clements-Hunt points out. "In general, the technology does not have to be very complex. The issue is largely high-volume organic waste."

In the end, therefore, technology transfer is not going to happen with machine-like efficiency; it is rather a process of trial-and-error. In real life, it seems, there is no such thing as a magic bullet.

James Fahn



JOINT IMPLEMENTATION PROMOTES COOPERATION ON WORLD CLIMATE

Industry in developed countries often pays top dollar for energy. This, coupled with government regulations and incentives concerning greenhouse gas emissions, has encouraged industry in these countries to look for more efficient ways of generating and using energy.

This is where Joint Implementation (or Activities Implemented Jointly) comes in. JI is official-speak for a simple concept: Companies in industrialized nations work with businesses in developing countries to help them reduce their greenhouse gas emissions. In return, the company that is lending a hand receives credit toward fulfilling its environmental obligations at home. Thus, the donor company gets environmental credits; the country in transition receives investment, technology and jobs; and the world benefits from cleaner air.

"Our customers are increasingly embracing eco-efficiency. They generate less waste, reuse or recycle more materials and place greater emphasis on conserving energy and resources," says Edwin G. Falkman, chairman of Waste Management International.

The JI concept was introduced at the 1992 Earth Summit in Rio de Janeiro and was formally adopted into the text of the United Nations Framework Convention on Climate Change. It is hoped that a marketplace for these credits could eventually be established.

In 1996, the World Business Council for Sustainable Development issued a call for proposals for profitable greenhouse gas reduction projects, which brought in more than 80 responses.

The pilot projects will be evaluated in 2000, and there is some concern that the project will not be a success unless a market is developed and more incentives are offered to attract investors to JI projects. The main challenge right now, however, is convincing the governments of industrialized nations to accept the idea of giving their industry credit for helping reduce emissions in other countries.

The WBCSD's Working Group on Climate and Energy Issues sees JI as one of the most practical ways to deal with climate change and greenhouse gas emissions while injecting investment capital into developing nations.

In evaluating the proposals submitted, the WBCSD found that while many had potential as profitable greenhouse gas emission reduction projects, they often neglected to adequately assess project development costs and potential risks or to recommend mitigating measures or anticipate sharing of project development costs.

Many also needed more work in identifying the capacities of organizations to develop and implement projects, providing for greenhouse gas emissions monitoring methodologies, guaranteeing that projects will qualify as AIJ pilot or potential JI projects, and assessing economic returns and the size of the total greenhouse gas offset.

The World Bank Group, which also evaluated a sample group of 14 projects, found that many of them were not fully developed but that there is potential for substantial investor returns once the pilots are fully developed and risk management is taken into consideration.

For more information or to submit proposals, visit the WBCSD's Web site (www.wbcsd.ch). The International Utility Efficiency Partnerships, which cooperates with the WBCSD and has received 44 project proposals, has a Web site of its own (http://www.ji.org/ji.shtml). **H.E.**

THE BALANCE SHEET

As more and more companies become aware of environmental issues, both in their own interest and because government regulations require them to, it is becoming increasingly obvious that environmental factors must be taken into account on a company's books.

They may represent substantial costs — cleaning up damage to the environment, for example — or they might represent large savings incurred through recycling, the reuse of waste materials in the production process or the cutting of waste. Knowing where the environmental costs and savings are coming from is also important in evaluating products and production processes.

Accounting for the environment has wider implications as well. A company's market value can be affected by environmental factors, making these of great interest to investors. Bankers are looking at both environmental risks and environmental market opportunities when they evaluate a company's credit rating. A country's economic health can be affected by environmental costs, and organizations like the World Wide Fund for Nature are calling for such factors to be accounted for in a nation's gross domestic product figures.

The advantages of accounting for environmental factors may seem obvious, but there are many obstacles. How should an environmental cost be defined and accounted for? If no standard is set and universally applied, there can be no basis for comparison of figures.

Because the accounting profession is conservative, change will come slowly. But come it will. According to Knut Ore, a partner in Deloitte Touche Oslo, defining an environmental cost is an extremely difficult but necessary process.

"The accounting and auditing professions are moving slowly toward developing standards," he says. He mentions international auditing organizations as possible sources of such standards, as well as bodies like the Securities and Exchange Commission in New York, which requires some companies to report certain environmental costs.

Many corporations are already making efforts to take environmental factors into account. The Swiss Bank Corp., for example, has specialized Environmental Performance Rating Units to improve the quality of financial analysis of a company by including environmental criteria.

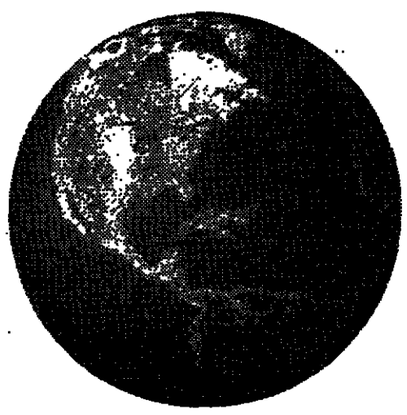
Georges Blum, chairman of the board of directors of SBC, points to increasing demand for such services: "Our customers are starting to ask for more information about the environmental performance of investments in stocks."

At Norsk Hydro, audits are considered an essential management information tool to encourage good performance.

Other efforts are under way to push for environmental accountancy. The World Business Council for Sustainable Development has set up a Working Group on Environmental Assessment. In its report, "Environmental Assessment: A Business Perspective," the group says: "Environmental assessments can assist companies in their quest for continuous improvements by identifying ways of maximizing profits through reducing waste and liabilities, raising productivity and demonstrating a company's sense of duty towards its customers and neighbors."

Such assessments are a vital first step in quantifying environmental factors so that they can eventually be incorporated into accounting procedures. And, as the WBCSD report states, "Favorable assessment can lead to companies getting advantageous lending and insurance rates, and enhanced shareholder value." Environmental factors also come into play when accountants are advising companies on mergers or acquisitions.

In their book "Financing Change: The Financial Community, Eco-efficiency, and Sustainable Development" (The M.I.T. Press), authors Stephan Schmidheiny and Federico J.L. Zorraquin say: "The accountancy profession remains firmly in the environmental spotlight, mainly because of its function as an interpreter, verifier, and, to a certain extent, reporter of business information to the markets. It is, after all, the final arbiter on what constitutes the bottom line." **H.E.**



(today is Earth Day)

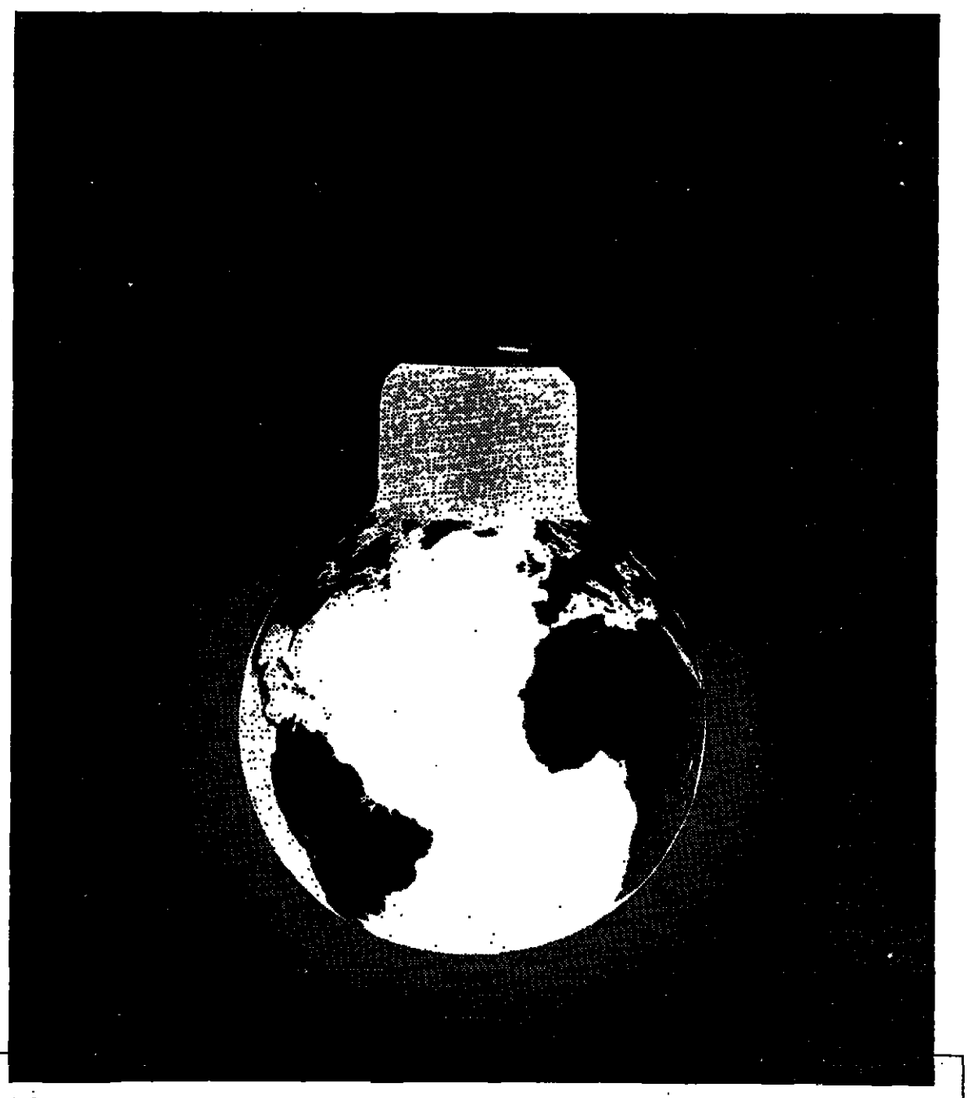
And so is tomorrow. The next day too. And the day after that. Let's think about our planet and its environment every day. And not let a day go by without doing something positive to conserve our resources. Whether it's recycling a soda can, doing volunteer work in your community or leading the research in the field of industrial ecology, it all contributes to making the world a little healthier.

AT&T

It's all within your reach.

The AT&T 1996 Environment, Health & Safety report can be found at www.att.com/ehs/

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How much longer can the world afford to be power mad?

No-one, being of sound mind, consciously sets out to waste scarce natural resources.

For instance, who leaves a heating system on full during the hottest days of summer? Or a car engine running 24 hours a day, even when it's parked?

But although it's been no deliberate act of global vandalism, industry for decades has been deriving the power it needs from the fuel it burns but in the process has been allowing 50% of it to go up in smoke.

In economic terms alone it isn't very sensible, and in terms of wastage it's alarming. In terms of global damage, it's positively frightening.

That's why, in the UK for example, BP Energy is already converting industry to the benefits of Combined Heat and Power.

It's a system which harnesses the heat that industry traditionally allows to escape, providing a valuable source of heating and useable steam for the very site burning the fuel in the first place.

It's not only a clever case of getting your own back. It also helps convert global warming into a more local version.

A case of BP helping the world to help itself.

BP

Alomar's Blast Lifts Indians Over Yanks

Ripken Gets His 500th Double

The Associated Press

Sandy Alomar hit a three-run home run and Brian Anderson pitched seven strong innings Sunday as the Indians beat the New York Yankees, 5-2, in Cleveland.

Cleveland took the final two games of the series, but is just 4-13 at Jacobs Field against the Yankees since the ballpark opened in 1995.

Following singles by Julio Franco and Manny Ramirez, Alomar hit the first pitch from David Wells (8-4) into the left-field bleachers to give Cleveland a 4-0 lead in the fourth inning. Alomar, who extended his career-high hitting streak to 21 games with a second-inning single, is batting .373.

Baseball Roundup

Anderson (2-1) made his third start since being recalled June 11 from Class AAA Buffalo, where he was 4-0. He allowed two runs and seven hits. Paul Assenmacher and Mike Jackson each pitched one inning of relief with Jackson getting his eighth save.

New York scored twice in the fifth after loading the bases with none out on consecutive singles by Charlie Hayes, Mariano Duncan and Chad Curtis. Hayes scored on a sacrifice fly by Derek Jeter and Duncan scored on a bloop single by Pat Kelly.

Orioles 5, Blue Jays 2 Cal Ripken hit the 500th and 501st doubles of his career and drove in two runs as visiting Baltimore beat Toronto. Jeffrey Hammonds had a two-run homer and Brady Anderson had three hits and scored twice for the Orioles.

Ripken moved past Goose Goslin into 31st place on the career doubles list. He hit a run scoring double in the first inning and scored on a single by B.J. Surhoff.

Anderson led off the sixth with an infield single. Two outs later, Ripken doubled into the left-field corner for a 3-2 lead. Surhoff singled off Paul Spoljaric with two outs in the seventh and Hammonds hit his eighth home run.

Scott Kamieniecki (6-3) gave up two runs and seven hits in six innings. He struck out four and walked two. Randy Myers pitched the ninth for his major league-leading 25th save. Myers has 299 saves, ninth on the career list.

Red Sox 2, Tigers 1 Brian Johnson was thrown out at the plate for the final out on a perfect relay by Boston as the Red Sox held on for a 2-1 victory over host Detroit. Tom Gordon (5-6) pitched seven solid innings as the Red Sox salvaged the finale of a three-game series.

Willie Blair (4-4) didn't allow a runner through the first four innings but left with two outs in the seventh after giving up two runs and five hits.

In games Saturday:

Expos 4, Marlins 3 Vladimir Guerrero and Henry Rodriguez homered, and Jeff Juden won his third consecutive start as Montreal beat Florida, for its 12th victory in 14 games.

Astros 7, Cubs 3 Tim Bogar hit three doubles and Houston chased Frank Castillo after just four outs, sending visiting Chicago to its fourth consecutive loss.

Luis Gonzalez went 0-for-3 with a walk in the seventh, stopping his hitting streak at 23 games. Chris Holt (7-5) allowed three runs and five hits in 6⅓ innings. Castillo (4-9) lasted 35 pitches, allowing five runs and seven hits.

Mets 3, Pirates 2 In New York, Butch Huskey, Carlos Baerga and Todd Hundley combined on a spectacular play at the plate to prevent the tying run from scoring in the ninth.

Edgardo Alfonzo erased a 2-1 deficit with a two-run homer off Marc Wilkins (5-1) with two outs in the eighth. But Pittsburgh, which lost its fifth straight, nearly came back in the ninth when Kevin Polcovich tried to score on Jose Guillen's double into the left-field corner.

Huskey overthrew the cutoff man, shortstop Edgardo Alfonzo. Baerga, the second baseman, was backing up and caught Huskey's throw, relaying a perfect strike to the plate, preserving Greg McMichael's third save. Dave Mlicki (4-5) won his third consecutive decision.

Dodgers 11, Giants 0 In San Francisco, Tom Candiotti (4-2) allowed four hits in seven innings in his first 1997 start, and Raul Mondesi drove in three runs and scored three times. Darren Dreifort pitched two innings to complete the five-hitter.

Cardinals 6, Reds 2 Royce Clayton drove in two runs as host St. Louis stopped a five-game losing streak. Todd Stottlemyre (5-5) won for the first time in four starts, giving up two runs and eight hits in six-plus innings. St. Louis scored five times off Dave Burba (4-7), who lasted just 3⅓ innings.

Braves 9, Phillies 8 Andruw Jones became the first player to homer into the upper deck in center field at Veterans Stadium since Mike Schmidt did it in 1975, and visiting Atlanta beat Philadelphia to hand the Phillies their seventh straight loss.

Rockies 9, Padres 4 Andres Galarraga had four hits, including a two-run homer, and Larry Walker also homered as Colorado defeated host San Diego.

Indians 13, Yankees 4 Manny Ramirez led a rejuvenated Cleveland offense with four hits, including a grand slam and career-high six RBIs as the Indians beat the visiting Yankees, 13-4, ending New York's seven-game winning streak at Jacobs Field.

Orioles 5, Blue Jays 1 B.J. Surhoff's two-out, bases-loaded single in the eighth broke Baltimore's string of 25 consecutive scoreless innings and sparked the Orioles to a 5-1 victory over the host Blue Jays.

Tigers 15, Red Sox 4 Tony Clark homered and drove in a career-high five runs, leading host Detroit past Boston in a rain-delayed game.

Damion Easley and Travis Fryman hit consecutive homers in a five-run second inning. The Tigers broke open the game with four runs in the sixth for a 10-2 lead and added five more in the seventh.

Mariners 15, Rangers 8 Jay Buhner homered and drove in five runs, and visiting Seattle scored nine times in the seventh to beat Texas.

Buhner, who hit a three-run homer in the first, ignited the Mariners' biggest inning of the season with a two-run single off Ed Vosberg (1-2) for an 8-7 lead. Texas had taken a 7-5 lead in the sixth off Mike Maddux (1-0) on a run-scoring double by Juan Gonzalez, who spent the night in a hospital after being hit in the helmet with a pitch the previous day, and an RBI groundout by Dean Palmer.

White Sox 5, Twins 3 James Baldwin, Tony Castillo and Roberto Hernandez combined on a five-hitter as host Chicago defeated Minnesota.

Baldwin (4-8), who already has lost two more games than he did during his fine 1996 rookie season, allowed four hits in 6⅓ innings. Rich Robertson (7-4) was the loser.

Chris Snopek keyed a three-run third inning for Chicago with a two-run single.

Angels 5, Athletics 3 Tony Phillips struck out with two outs in the seventh inning but reached on an error, then scored the go-ahead run on Dave Hollins's double as host Anaheim beat Oakland.

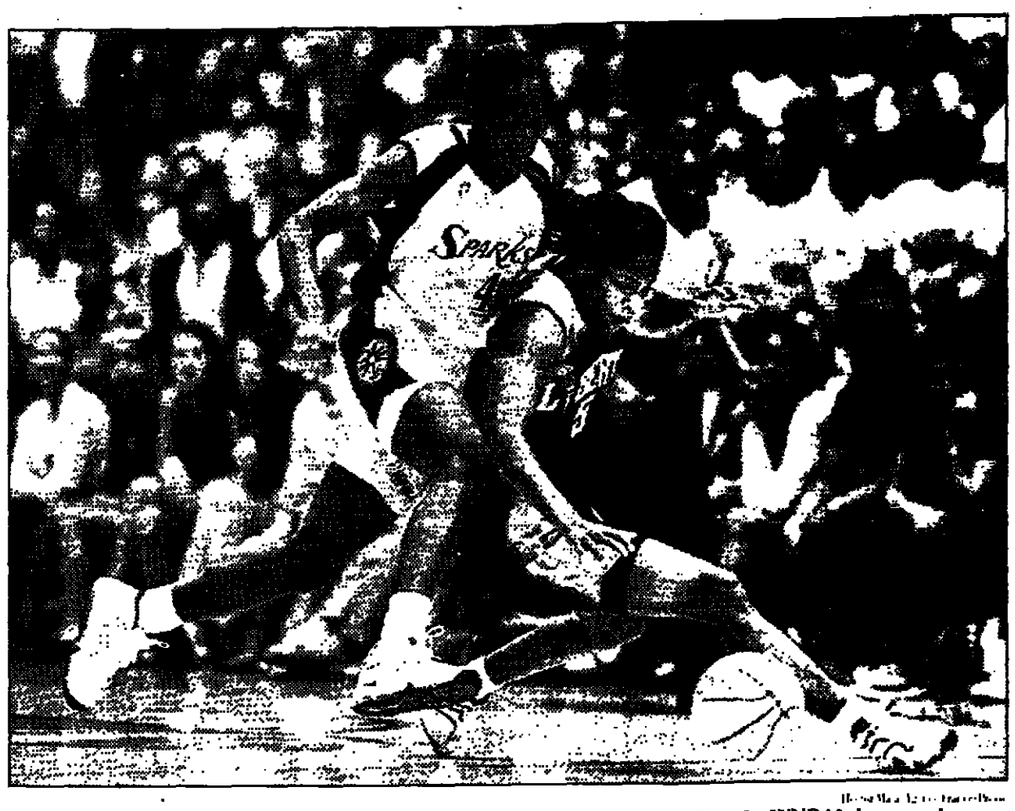
Jason Giambi went 2-for-4 and extended his hitting streak to 24 games, tying the Oakland record set by Carney Lansford in 1984.

Rich DeLucia (5-2) was the winner in relief. Ariel Prieto (5-5), who was victimized by catcher George Williams's throwing error trying to throw out Phillips, was the loser.



Kimberly Bmth/Agence France-Presse

The Indians' Orel Hershiser hurling a pitch against the Yankees.



The Sparks' Mwadi Mabika, left, and the Liberty's Kisha Ford chasing the ball in the WNBA's inaugural game.

Historic Tip-Off for Women's Sport

Los Angeles Times Service

Vantage Point/**Bill Plaschke**

INGLEWOOD, California — Sparks were flying at the Los Angeles Forum. On a sunny, summer afternoon, 14,284 fans came inside to watch a professional basketball game featuring fast breaks, floor burns and fearlessness.

A game played entirely by women.

When layers of multicolored confetti settled on the court after the New York Liberty's 67-57 victory over the Los Angeles Sparks on Saturday in the inaugural game of the new Women's National Basketball Association, it was clear that this league is about many things, basketball being only one of them.

This is about Jaime McMillen, a 15-year-old in baggy gym shorts and T-shirt, shooting baskets in the Forum parking lot. McMillen, from nearby Torrance, has long dreamed of a career in basketball. Finally that dream has a shape, a name.

"This is my opportunity," she said. "This is my future."

This is about the first two people to approach a Sparks' guard, Jamila Wideman, for her autograph before the game. Two little boys. "That brought a smile to my face," Wideman said.

As it would to anyone who has ever wondered where sexism begins, and how it can end. "This game is probably more important for boys to see," said Chris Gobrecht, the new University of Southern California women's coach who brought her young daughter and son to the game. "This is a good start to changing their perception of women, to see them in athletic, powerful roles."

For the first time, a women's sports league is being supported by a major men's sport organization — the National Basketball Association.

For the first time, a woman's league has major sponsors and a television contract that will include about three national telecasts a week during its 28-game summer season. "It's hard to imagine that any more can be done than what we are doing," said Val Ackerman, the league's president.

This is not the only women's league trying to capitalize on the momentum of the 1996 Olympic gold medal in women's basketball. The rival American Basketball League began last year, plays in smaller towns and in the autumn. But even with better players, it is not expected to survive in the wake of this summer's national WNBA push.

"I think the WNBA will buy that other league," said Magic Johnson, the former Los Angeles Lakers' star who was among several celebrities at courtside Saturday. "I think this league is going to be around a long time."

As long as the women don't collapse from exhaustion.

Despite countless mistakes and poor shooting, the game was still two hours' worth of sprinting, diving, shoving and the sort of sideline cheering normally found only in the NBA playoffs.

All for salaries that range from $15,000 to $50,000, which is what many NBA players make per game.

Yes, the Sparks' 6-foot-5 inch (1.9 meter) star Lisa Leslie even tried a slam dunk. Late in the first half, she was alone on a fast break. She grabbed a pass, stuck the smaller-than-regulation brown-and-white ball in her palm, leaped toward the hoop as the crowd roared and ... missed. Didn't jump high enough. The ball clanked against the rim and fell off.

But it didn't matter.

If you go to one of these games to see dunks, you're wasting your time. You come here to see — on a good day, anyway — crisp passing and old-fashioned offensive plays and traditional zone defense.

"This can't be another version of the man's game, it has to be the woman's game; that is what has become so popular on the college level," said Gobrecht, referring to the sold-out women's national championship Final Four each year.

THE SPARKS' Tamecka Dixon put it another way. "If you can dunk, more power to you," she said. "But the girls' game is to lay it up."

Later, Leslie said, "I tried to dunk, but my legs weren't ready." But, "If you miss, at least you tried."

That same attitude has been adopted throughout the league, which opened just two days before the 25th anniversary of former President Richard Nixon's signing of Title IX, a law that has led to increased equality in women's sports in the United States.

Some ideas have worked, others have clanked off the rim.

In advertisements that flooded the airways throughout the NBA playoffs, the women players proclaimed, "We Got Next," street slang for a team waiting to enter a playground game. It was grammatically incorrect, overused and finally put to rest by the Liberty's star, Rebecca Lobo, after Saturday's game. "I'm glad there was no more worrying about 'We Got Next,'" she said. "We're here now."

When the players took the floor, they were greeted by sights and sounds that surprised all veteran basketball observers.

The crowd was largely women, many with young children.

"One thing I have never seen at the Forum before, I have never seen so many families," Magic said.

That was one of only many differences on an afternoon when such things were embraced.

When is the last time that the final minutes of a sports event were punctuated by an announcement that players would be signing autographs on the floor? When is the last time the Forum scoreboard showed commercials during time-outs that featured pleas for more women policeman?

That future star. 15-year-old McMillen, was asked what excited her most about watching the new league. "I want to see women do a guy's job," she said.

In NBA Draft, Decisions Are Made by Salary Cap

By Mike Wise
New York Times Service

The Chicago Bulls tried a novel approach with their first-round draft choice last year. They waived the rights to the rookie center Travis Knight. Their thinking seemed to backfire as Knight developed into a solid role player for the Los Angeles Lakers, but there was logic behind the transaction.

Why develop and commit three years of guaranteed money to a player who may not help you in the immediate future? Why not parlay that salary and roster spot into helping secure an established veteran or a ritzy free agent?

As Tuesday's National Basketball Association draft approaches, many of the general managers and player-personnel directors are asking themselves the same questions. In the year of Tim Duncan and Everyone Else, the motives are no longer geared solely toward bettering your roster with a young player.

"People may be thinking about getting rid of guaranteed dollars and trying to move in position for a big-time player," said the Orlando Magic's general manager, John Gabriel. "A lot of what's going on is salary cap-driven for the 1998 free-agent year. The philosophy that it takes a couple of All Stars to win in the league is prevalent. People are thinking, Why not start planning early?"

Duncan, the poised and polished center from Wake Forest University, is a shoo-in to be selected No. 1 by San Antonio. But after Duncan, there are no clear-cut impact players. Enter the rookie salary cap, which enables players to become free agents after three years in the league.

Installed in 1995 as part of the collective-bargaining agreement, it will spring talented young players for the first time next summer, players whom many teams are already starting to make room for on their payrolls. As this year's draftees prepare for their three-year hitch, many teams are holding their breath.

"It's a scary circumstance for most teams, especially the small market teams," said Jerry Reynolds, the Sacramento Kings' player-personnel director. "You have all these guys clearly not ready for the game. You have to spend more time in development. By the time you're done and they go somewhere else, you almost feel like the colleges themselves. You got them ready, all right. But not for your team."

Most league officials are characterizing the draft as deep in talent but very shallow in future superstars. As evidence, Milwaukee, Vancouver and Toronto, all teams with substantial need, have shown interest in moving down in the draft.

"You can get the same guy at 16 that's available at 10," said Gabriel. "This draft is deep, but it's not very solid beyond 5 and 6. The guy at 22 may not be much worse than the guy at 12."

Most league officials also agree that the underclassmen issue is no longer worth complaining about. It is the rule rather than the exception. Forty-seven players yet to reach their senior year applied for the draft this season. Although seven withdrew late last week, six have a legitimate shot at being selected in the top 10.

Among them are the 6-foot-11-inch (2 meter) center Tony Battie from Texas Tech and the Colorado point guard Chauncey Billups, both of whom are almost certain to go in the first five picks. Of the 41 players who applied for early entry last season, 7 withdrew before the draft and 15 were not selected.

"It's a bad trend. I'd like to see everyone stay for four years," said the New York Knicks' team president and general manager, Ernie Grunfeld. "They're emotionally and physically at a more developed stage. It's just better for the pro teams and everyone involved. At the same time, some of these players have responsibilities to their families. It's reality now."

Tracy McCrady could go as high as No. 6. Less than a month removed from his senior prom at Mount Zion Christian Academy in Durham, North Carolina, he signed a $12 million endorsement deal with Adidas last week. That's $7 million more than last year's No. 6 pick, Antoine Walker, will make in salary for his first three years with the Boston Celtics.

Duncan would be the first senior to go No. 1 since Larry Johnson in 1993, Keith Van Horn of Utah and Antonio Daniels of Bowling Green, both seniors, are also top-five candidates. A senior was not picked until No.8 last year.

"Why can't Ron Mercer be as good as Antonio McDyess?" asked John Nash, the New Jersey Nets' player-personnel director, referring to the University of Kentucky forward who will enter the draft this year and the Denver Nuggets' star. "You'll see a major star in Duncan eventually. But I don't know about the rest. You might find one at 22 instead of 6 and 7."

Bruins Take 'Big Bird' As Top Pick In the NHL

The Associated Press

PITTSBURGH — The Boston Bruins don't envision Joe Thornton as another Wayne Gretzky, even if the 17-year-old threatened some of the Great One's junior scoring records.

They'll be perfectly satisfied if the player they chose with the NHL's top draft pick Saturday turns out to be another Eric Lindros, a physical presence with a deft scoring touch who revives a struggling franchise.

Thornton, whose nickname is Big Bird but perhaps now should be Big Hope, won't be 18 until next month, but still expects to be wearing the Bruins' No. 6 jersey in October.

"I'll go back to juniors if they want me to, but I want to play in the NHL," said Thornton, who stood out at the draft, held at the Pittsburgh Civic Arena, because of his 6-foot-4 (1.93 meter) frame and curly blond hair.

Thornton, so clearly the top player in a talent-deep draft that the Bruins identified him as their choice weeks ago, has been rated as the best player available since Alexandre Daigle in 1993 — and, before that, Lindros in 1991.

The NHL's scouting director, Frank Bonello, called Thornton "a franchise player, a complete player at 17, if there is such a thing."

Thornton joined Pierre Turgeon as the only 17-year-old selected No. 1, and did so on a day filled with firsts.

Roberto Luongo, chosen fourth by the New York Islanders, went higher than any goaltender since the draft began in 1969. And the winger Michel Risen became the first Swiss-born first-rounder when Edmonton took him with the 14th pick.

There were first rounders drafted from a record seven countries: Canada, the United States, Finland, Slovakia, Russia, Switzerland and Sweden.

"My goal my entire life has been to play in the NHL," said Thornton, who played street hockey in St. Thomas, Ontario, with two older brothers while still wearing diapers. "But there's no pressure on me — yet. I haven't even stepped in the Fleet Center yet."

Once he does, the expectations may be higher for Thornton than any Bruins player since Bobby Orr. Coming off their worst season in 30 years, the Bruins need help. They could get it not only from Thornton, who had 71 goals and 127 assists in two seasons for Gretzky's old junior team, the Sault Ste. Marie Greyhounds, but the player known as the Russian Gretzky.

The Bruins used the No. 8 pick overall on an 18-year-old wing, Sergei Samsonov, the top scorer for the IHL champion Detroit Vipers and perhaps the best offensive player available except for Thornton.

"I can understand the allure of a guy who is 6-4," said the Vipers' general manager, Rick Dudley. "But it is inconceivable than anyone has more talent than Sergei."

Samsonov first stepped on the ice with NHL-caliber players at 15 and might have gone higher in the draft if it were not for his size: at 5-8½, he is seven inches shorter than Thornton. Samsonov first attracted NHL attention when he piled up 46 goals and 83 points in 24 games during a Russian junior team tour of America.

The shoot-out begins in the Bruins' camp in less than two months. "Training camp, that will be the big test," said Thornton, whose dirty blond hair soon may be as recognizable around the NHL as Jaromir Jagr's shoulder-length locks.

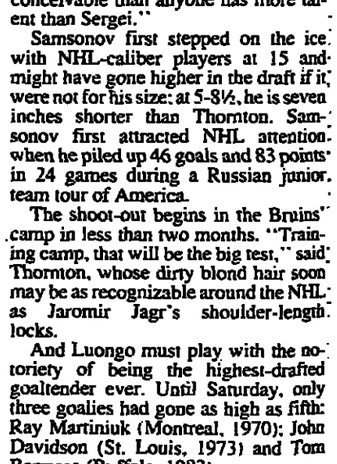
And Luongo must play with the notoriety of being the highest-drafted goaltender ever. Until Saturday, only three goalies had gone as high as fifth: Ray Martiniuk (Montreal, 1970); John Davidson (St. Louis, 1973) and Tom Barrasso (Buffalo, 1983).

"I think I have great style and great technique, so that is to my advantage," said the 18-year-old Luongo, who had a lower goals-against average in the high-scoring Quebec Major Junior League than either Patrick Roy or Martin Brodeur.

"But I'm not going to put any pressure on myself. When I play hockey I have fun, so this is not any pressure."

The San Jose Sharks followed the NHL scouting ratings and chose the Seattle Thunderbirds' forward Patrick Marleau with the No. 2 pick overall. The center-wing Olli Jokinen of Finland, the top-rated European player, went to the Los Angeles Kings with the third choice.

After choosing Luongo, the Islanders also had the fifth pick and used it on a defenseman, Eric Brewer.



Gene Puskar/The Associated Press

Joe Thornton after the Boston Bruins picked him in the NHL draft.

ADVERTISEMENT

Memorable Moments from Johnnie Walker: RYDER CUP *with Bernard Gallacher*



1987 – DARCY SAVES HIS BEST 'TIL LAST.

Written with R. Simmons. Designed & Illustrated by Dave F Smith © International Herald Tribune / Professional Sports Partnerships Ltd.

هكذا من الأصل



Bruins Tak 'Big Bird' As Top Pic In the NH

's Sport

isions
y Cup

Feisty Argentina Falls to Peru, 2-1

Reuters

SANTA CRUZ, Bolivia — Argentina, which had two players expelled and was involved in a mass brawl on its last visit to Bolivia less than three months ago, was the protagonist in another chaotic match as it bowed out of the Copa America.

The Argentines had three players expelled Saturday as they suffered a surprising 2-1

COPA AMERICA

quarterfinal defeat to Peru after once again getting into a fight.

Under Daniel Passarella, its coach, Argentina appears to have become incapable of accepting a defeat without getting into trouble.

Its previous defeat had been in April's World Cup qualifier in La Paz when it lost 2-1 to Bolivia.

On that occasion, two Argentines were sent off, goalkeeper Ignacio Gonzalez head-butted an opponent and the entire team became involved in a brawl that required police intervention.

FIFA, the world soccer federation, suspended Gonzalez and the two expelled players and fined Passarella. These punishments did not deter Argentina from a repeat performance Saturday.

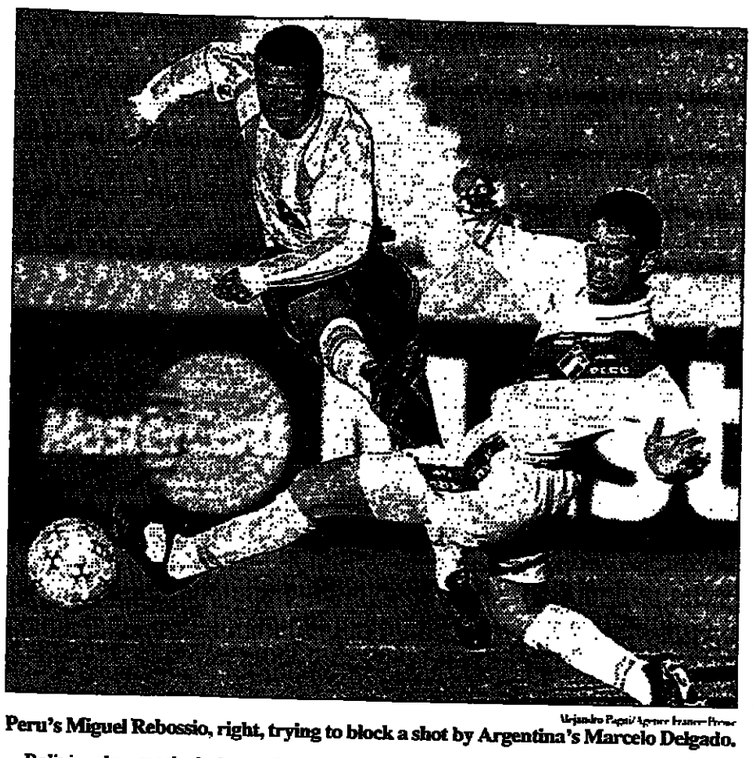
The fight that resulted in two red cards began in the 72d minute. Argentina, trailing 2-0, had been awarded a penalty, which was converted by Marcelo Gallardo.

Gallardo then rushed to the net to retrieve the ball and get the game restarted quickly, but Miguel Miranda, the Peruvian goalie, reached the ball at the same time. The two began pushing, other players arrived and a brawl ensued that held up play for three minutes and ended with Gallardo and Eduardo Berizzo being given red cards.

Shortly afterwards, Zapata, one of the players dismissed in La Paz in April, was expelled.

Argentina was outplayed for long periods by Peru.

Eddie Carrazas put Peru ahead after half an hour when the ball was passed to him by an Argentina player and Martin Hidalgo finished off a delightful move with a low drive in the 62d minute.



Alejandro Pagni/Agence France-Presse

Peru's Miguel Rebossio, right, trying to block a shot by Argentina's Marcelo Delgado.

Bolivia also reached the semifinals. It beat Colombia, 2-1, in La Paz.

Colombia had played Brazil at sea level in the first round less than 48 hours earlier and arrived in La Paz only two hours before the start to try and reduce the effects of altitude. But it fell behind in three minutes, when Marco Etcheverry scored from a free kick. Erwin Sanchez increased the lead 20 minutes later with a shot that bounced under the arms of Farid Mondragon, the goalkeeper.

Herman Gaviria pulled a second-half goal back for Colombia, but the highlight was provided by Bolivia's Julio Cesar Baldivieso, who hit the crossbar from near the halfway line.

Late Surge Lifts British Lions

Australian Substitute Scores Twice to Beat France

Reuters

The British Lions rugby team withstood a South African onslaught for more than an hour before scoring two tries in the last eight minutes to win the first test, 25-16, in Cape Town.

Scrum-half Matt Dawson scored the first late try on Saturday, scampering in untouched after picking the ball up from a scrum on South Africa's 22-meter (25-yard) line. A wing, Alan Tait, scored the second to seal the victory.

"This was probably the best victory I have ever played in," said Tait, who has the dis-

RUGBY UNION ROUNDUP

tinction of being the first man to play rugby league and rugby union for the British Lions.

Gary Teischmann, the South African captain, said: "What bothered me was that we spent long periods in their half but the points didn't come."

The Lions trailed the Springboks, 16-15, when Dawson broke away, faked a pass and kept going as four defenders went for the fake. South Africa responded with increasingly desperate attacking moves, but it was the Lions who scored again.

In the first half, Os du Randt, the huge South African prop, had bulled over for a try. But the Lions' led, 9-8, at halftime thanks to three penalty kicks by Neil Jenkins.

Teichmann brushed off an attempted tackle by Scott Gibbs to set up a try for a replacement back, Russell Bennett, who raced over in the lefthand corner. But South Africa was unable to turn territorial superiority into a match-winning lead.

Australia 29, France 15 In Sydney, Mitch Hardy scored two tries in a brief but memorable test debut to give Australia a victory over France.

The winger came on for 12 minutes in the second half as a temporary replacement for a full-back, Stephen Larkham, and transformed the match.

Hardy was called onto the Wallaby squad just a week ago as a replacement for the injured fullback, Matthew Burke. Hardy's two tries in the space of three minutes broke a 15-15 deadlock.

But immediately after he scored his second try, Hardy was taken off the field by the Wallaby's coach, Greg Smith, since Larkham had been treated for a facial cut and wanted to return.

Both sides scored two tries each, and John Eales, Australia's captain and lock forward, kicked 19 points.

Hardy scored his first try when he took a short pass from scrum-half George Gregan before beating two defenders and diving over near the posts in the 68th minute. Three minutes later, he used his soccer skills to kick the ball forward off the ground after a break-away by the right-wing, Ben Tune. Hardy beat the French defenders in a race to the ball and touched down with his fingertips.

France scored one try in each half, thanks to scintillating breakaways from the winger Philippe Bernat-Salles and the center Thomas Castaignede.

New Zealand 93, Argentina 8 In Wellington, New Zealand gave a brilliant display of passing to obliterate Argentina in the first test. The All Blacks ran in seven tries in the first half and another seven in the second half.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	47	22	.681	—
New York	40	31	.563	8
Toronto	33	35	.485	13½
Detroit	32	37	.464	15
Boston	31	40	.437	17

CENTRAL DIVISION

	W	L	Pct.	GB
Cleveland	36	32	.529	—
Milwaukee	34	34	.500	2
Kansas City	33	35	.485	3
Chicago	33	37	.471	4
Minnesota	33	38	.465	4½

WEST DIVISION

	W	L	Pct.	GB
Seattle	41	31	.569	—
Anaheim	37	34	.521	3½
Texas	36	34	.514	4
Oakland	30	44	.405	12

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	46	26	.639	—
Florida	42	29	.591	3½
Montreal	41	30	.577	4½
New York	40	32	.556	6
Philadelphia	22	48	.314	23

CENTRAL DIVISION

	W	L	Pct.	GB
Houston	36	37	.493	—
Pittsburgh	33	39	.458	2½
St. Louis	32	39	.451	3
Cincinnati	30	41	.423	5
Chicago	28	44	.389	7½

WEST DIVISION

	W	L	Pct.	GB
San Francisco	41	31	.569	—
Colorado	39	34	.534	2½
Los Angeles	36	36	.500	5
San Diego	30	42	.417	11

FRIDAY'S LINESCORES

AMERICAN LEAGUE

Boston 032 010 000—6 10 1
Detroit 002 210 21x—12 16 1
Wakefield, Brandenburg (3), Hudson (4), Slocumb (5), Wasdin (7) and Hatteberg; Ju.Thompson, Sager (6) and Casanova. W—Ju.Thompson, 7-5. L—Wakefield, 2-7. Sv—Sager (3). HRs—Detroit, Nevin (2), Clewes (3).

New York 310 010 002—7 12 1
Cleveland 001 000 000—1 5 1
Gooden, Nelson (7), Mendoza (9) and Posada; Nagy, Mesa (2), Morman (7), A. Lopez (8), M.Jackson (9) and Borders. W—Gooden, 2-0. L—Nagy, 8-4. HR—New York, T. Martinez (22).

Baltimore 000 000 000—0 6 1
Toronto 101 000 10x—3 10 0
Mussina, Te.Matthews (7), Mills (8) and Alvister Hanigan and O'Brien. W—Hanigan, 3-1. L—Mussina, 8-2.

Kansas City 200 020 006—5 7 0
Milwaukee 100 220 11x—7 12 0
Belcher, Casian (7), R.Veres (8) and Jactarlaney Eldred, Fetters (8), De.Jones (9) and Levis. W—Eldred, 7-7. L—Belcher, 8-5. Sv—De.Jones, (17). HRs—Kansas City, Ing (13). Milwaukee, Burnitz (9), Unroe (2), Vaught (1).

Minnesota 100 200 000—3 7 0
Chicago 000 000 000—0 5 0
Tewksbury, Swindell (7), Aguilera (9) and Slebacht D.Darwin, Simas (8) and Ortiz. W—Tewksbury, 4-6. L—D. Darwin, 2-5. Sv—Aguilera (15). HRs—Minnesota, M. Cordova (4).

Seattle 010 040 000—5 7 2
Texas 000 022 000—4 8 0
Wolcott, B. Wells (6), Charlton (7), S. Sanders (9) and Da.Wilson; Witt, Gunderson (8), X.Hernandez (8) and I.Rodriguez. W—Wolcott, 3-4. L—Witt, 8-4. Sv—S. Sanders (1). HRs—Seattle, Griffey Jr (28). Texas, L. Sierra (9).

Oakland 002 000 000—2 4 2
Anaheim 300 002 00x—5 6 0
Mengert and Ga.Williams; Gross, P. Harris (6), Percival (9) and Leyritz. W—Gross, 1-0. L—Mengert, 3-5. Sv—Percival (6). HR—Anaheim, Salmon (11).

NATIONAL LEAGUE

Florida 000 010 100—2 5 0
Montreal 010 000 000—1 3 1
A.Fernandez and C. Johnson; P.J.Martinez and Widger. W—A. Fernandez, 7-6. L—P. J.Martinez, 9-3. HR—Florida, C. Johnson (6).

Atlanta 000 004 000—4 8 0
Philadelphia 000 000 001—1 7 2
Glavine, and Edd.Perez; M.Leiter, Plantenberg (8), Gomes (8) and Lieberthal. W—Glavine, 7-4. L—M. Leiter, 4-8.

Pittsburgh 000 000 000—0 6 1
New York 000 001 00x—1 9 1
Cooke, Ruebel (7), M.Wilkins (7) and Kendall; B.J.Jones, Ja.Franco (9) and A.Castillo, Hundley (9). W—B. J.Jones, 12-3. L—Cooke, 5-9. Sv—Ja.Franco, (18).

Cincinnati 002 001 001—4 9 1
St. Louis 000 200 000—2 7 1
Mercker, Sullivan (7), Shaw (9) and J. Oliver; Morris, Petkovsek (7), Fossas (7), Eckersley (9) and Lampkin. W—Mercker, 5-5. L—Morris, 5-4. Sv—Shaw (13). HRs—Cincinnati, D. Sanders (3), Reese (2). Chicago 001 000 000—2 9 1
Houston 114 100 00x—7 13 0
Trachsel, Bottenfield (3), Wendell (6), Rojas (8) and Servais; Kile, Lima (8) and Eusebio, Ausmus (8). W—Kile, 8-3. L—Trachsel, 4-6. HRs—Chicago, Orie (3). Houston, Bagwell (21), De.Bell (3).

Colorado 000 200 000—2 9 0
San Diego 000 101 03x—5 11 1
Burke, S. Reed (7), M.Munoz (8), DeJean (8), Dipoto (8) and Je.Reed; Ashby, Hoffman (9) and Flaherty, C. Hernandez (9). W—Ashby, 3-3. L—M. Munoz, 1-2. Sv—Hoffman (11). HRs—Colorado, N. Perez (1). San Diego, S. Finley (8).

Los Angeles 043 000 000 4—11 13 0
San Francisco 000 022 111 0—7 11 0
I.Valdes, Radinsky (6), Hall (8), Osuna (8), Te.Worrell (9), Guthrie (10) and Piazza; O.Fernandez, Roa (3), Tavarez (8), R.Rodriguez (9), D. Henry (10), Poole (10) and Berryhill, R. Wilkins (9), Jensen (10). W—Te.Worrell, 1-1. L—D. Henry, 2-3. HRs—Los Angeles, K. Garcia (1), Gagne (4). San Francisco, Bonds 2 (15), M.Lewis (5), Snow (5).

SATURDAY'S LINESCORES

AMERICAN LEAGUE

New York (AL) 002 001 000—4 10 2
Cleveland 104 002 24x—13 15 0
Pettitte, Mecir (6), Lloyd (8) and Girardi; Hershiser, A.Lopez (7), Jacome (9) and S. Alomar. W—Hershiser, 7-3. L—Pettitte, 8-5. HR—Cleveland, Ramirez (10).

Baltimore 000 000 022—5 11 0
Toronto 000 001 000—1 6 1
Erickson, Orosco (8), A.Benitez (9) and Webster; Clemens, Plesac (8), Timlin (9) and B. Santiago. W—Erickson, 10-2. L—Plesac, 0-3.

Minnesota 102 000 000—3 5 0
Chicago 103 100 00x—5 8 0
Robertson, Fr.Rodriguez (4), Geordado (8) and Steinbach; Baldwin, T. Castillo (7), R.Hernandez (9) and Karkovice. W—Baldwin, 4-8. L—Robertson, 7-4. Sv—R. Hernandez (15). HR—Minnesota, Lawton (6).

Boston 000 011 101—4 12 2
Detroit 150 004 50x—15 16 2
Eshelman, Hudson (3), Brandenburg (6), Lacy (7) and Hatteberg; Meehler, Bautista (3), Micali (7), Jarvis (9) and B.Johnson. W—Bautista, 1-1. L—Eshelman, 1-2. HRs—Boston, Hatteberg (5). Detroit, Easley (8), Fryman (10), Te.Clark (19).

Seattle 310 100 101—15 12 1
Texas 110 302 100—8 16 3
Moyer, M. Maddux (4), B.Wells (7), McCarthy (7) and Da.Wilson; Santana, Vosberg (7), Patterson (7), Gunderson (7), Whiteside (9) and I. Rodriguez. W—M. Maddux, 1-0. L—Vosberg, 1-2. HRs—Seattle, Buhner (19). Texas, Greer (10).

Oakland 002 000 100—3 12 2
Anaheim 200 001 20x—5 6 0
Prieto, D.Johnson (7) and Mayne; Ga.Williams (7); Dickson, DeLucia (7), Holtz (8), James (8), Percival (9) and Kreuter. W—DeLucia, 5-2. L—Prieto, 5-5. Sv—Percival (7).

NATIONAL LEAGUE

Florida 002 000 010—3 10 1
Montreal 000 100 30x—4 13 0
Rapp, Powell (7) and Zaun; Juden, Urbina (8) and Widger. W—Juden, 8-2. L—Rapp, 4-4. Sv—Urbina (13). HRs—Florida, Dunwoody (2). Montreal, H. Rodriguez (15), V. Guerrero (3).

Chicago (NL) 011 000 100—3 6 0
Houston 231 000 10x—7 12 1
F.Castillo, Bottenfield (2), R.Tatis (4), Patterson (7), T.Adams (8) and M. Hubbard; Holt, Magnante (7) and Ausmus. W—Holt, 7-5. L—F. Castillo, 4-9.

Pittsburgh 001 000 010—2 8 0
New York (NL) 010 000 02x—3 6 0
Schmidt, M. Wilkins (8) and Oelly; Mlicki, McMichael (9) and Hundley. W—Mlicki, 4-5. L—M. Wilkins, 5-1. Sv—McMichael (3). HRs—New York, Alfonzo (5), Hundley (16).

Los Angeles 020 203 040—11 15 0
San Francisco 000 000 000—0 5 2
Candiotti, Dreifort (8) and Piazza, Prince (8); VanLandingham, Poole (6), R. Rodriguez (8), Tavarez (9) and R. Wilkins. Jensen (8). W—Candiotti, 4-2. L—VanLandingham, 4-5.

Atlanta 210 122 010—9 10 1
Philadelphia 020 120 110—8 14 0
Neagle, Clontz (5), Bielecki (6), Borowski (8), Embree (8), Wohlers (8) and Edd.Perez; Beech, Blazier (6), R. Harris (6), Spradlin (7), Bottalico (8) and Lieberthal. W—Clontz, 3-1. L—Blazier, 0-1. Sv—Wohlers (15). HRs—Atlanta, A. Jones (5), Edd.Perez (3), Graffanino (1). Philadelphia, Lieberthal (10).

Cincinnati 000 101 000—2 9 0
St. Louis 172 100 01x—4 13 0
Burba, Sullivan (4), Carrasco (5), Fe.Rodriguez (7), Belinda (8) and J. Oliver; Stottlemyre, Fossas (7), T. J.Mathews (8), Frascatore (9) and Lampkin. W—Stottlemyre, 5-5. L—Burba, 4-7. HR—Cincinnati, W.Greene (10).

Colorado 102 020 022—9 16 1
San Diego 030 000 100—4 8 2
Reker, S. Reed (6), B.Ruffin (7), DeJean (8), M.Munoz (8), Leskanic (9) and Manwaring; Bergman, P. Smith (7), Batchelor (9) and Flaherty. W—Reker, 1-0. L—Bergman, 1-2. HRs—Colorado, Ec.Young (4), L.Walker (21), Galarraga (21). San Diego, Clark (3).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct	GB
Yakult	36	23	0	.623	—
Hiroshima	31	28	0	.525	6
Hanshin	31	30	0	.508	7
Chunichi	29	31	0	.483	8½
Yokohama	24	32	0	.429	11½
Yomiuri	26	35	0	.426	12

SATURDAY'S RESULTS

Hiroshima 5, Yokohama 4
Chunichi 4, Yakult 3
Hanshin 5, Yomiuri 3

SUNDAY'S RESULTS

Yakult 5, Chunichi 2
Yomiuri 13, Hanshin 10
Hiroshima 6, Yokohama 4

PACIFIC LEAGUE

	W	L	T	Pct	GB
Orix	33	20	1	.620	—
Seibu	33	24	2	.576	2
Daiei	33	30	0	.524	5
Nippon Ham	30	32	0	.484	7½
Lotte	23	33	2	.414	11½
Kintetsu	23	36	1	.392	13

SATURDAY'S RESULTS

Seibu 5, Orix 5, tie, 10 innings
Nippon Ham 7, Kintetsu 5
Daiei 4, Lotte 3

SUNDAY'S RESULTS

Orix 2, Seibu 1
Nippon Ham 11, Kintetsu 5
Daiei 9, Lotte 5

CRICKET

SRI LANKA TOUR

3D DAY AT LUNCH, 2ND TEST
WEST INDIES VS. SRI LANKA
SUNDAY, IN KINGSTOWN, ST. VINCENT

West Indies: 147 and 124-2
Sri Lanka: 222

AUSTRALIA TOUR

4TH DAY, 2ND TEST
ENGLAND VS. AUSTRALIA
SUNDAY, IN LONDON

England: 77
Australia: 213-7

GOLF

GERMAN OPEN

Results Sunday from $1.14 million Volvo German Open held at 6,283 meter (6,850 yards) par-71 Schloss Nippenburg Golf Course in Stuttgart:

Ignacio Garrido, Spain	65-67-67-72—271
Russell Claydon, Eng.	68-69-72-66—275
Mark James, England	68-67-68-72—276
Bernhard Langer, Ger.	70-69-69-69—277
R. Green, Australia	71-66-71-69—277
Eduardo Romero, Arg.	67-67-73-70—277
P. Haugsrud, Norway	70-68-68-71—277
Brian Davis, England	68-70-66-73—277
Alex Cejka, Germany,	66-76-69-67—278
Sam Torrance, Scot.	70-68-70-70—278
Barry Lane, England	68-70-68-72—278

YOMIURI OPEN

Leading final scores Sunday in 100 million yen ($880,000) Yomiuri Open on 6,987-yard course in Nishinomiya:

S. Maruyama, Jap.	67-68-66-66—267
N. "Joe" Ozaki, Jap.	69-69-66-65—269
F. Minoza, Philippines	71-67-66-67—271
Brandt Jobe, U.S.	71-68-65-67—271
Toru Suzuki, Jap.	70-69-69-65—273
Carlos Franco, Parag.	70-71-66-67—274
Satoshi Higashi, Jap.	68-68-69-69—274
Y. Mizumaki, Jap.	72-67-66-69—274
Brian Watts, U.S.	68-66-70-70—274
M. Kawamura, Jap.	68-72-65-70—275

RUGBY UNION

FRANCE TOUR

FIRST TEST MATCH
SATURDAY IN SYDNEY, AUSTRALIA
Australia 29, France 15

BRITISH LIONS TOUR

FIRST TEST MATCH
SATURDAY IN CAPE TOWN, SOUTH AFRICA
South Africa 16, British Lions 25

ARGENTINA TOUR

FIRST TEST MATCH
SATURDAY IN WELLINGTON, NEW ZEALAND
New Zealand 93, ARGENTINA 8

WORLD CUP QUALIFYING

PACIFIC ZONE, ROUND 8
Fiji 20, Tonga 10

SOCCER

WORLD CUP QUALIFIERS

ASIAN ZONE

GROUP 4

Oman 6, Nepal 0
Japan 10, Macao 0
STANDINGS: Japan 12 points; Oman 9; Nepal 1; Macao 1.

GROUP 5

Uzbekistan 3, Indonesia 0
STANDINGS: Uzbekistan 10 points; Yemen & Indonesia 7; Cambodia 1.

GROUP 7

Lebanon 0, Kuwait 3
STANDINGS: Kuwait 12 points; Lebanon 4; Singapore 1.
Kuwait qualifies for second round.
STANDINGS: Uzbekistan 10 points; Yemen & Indonesia 7; Cambodia 1.

GROUP 8

China 4, Vietnam 0
Tajikistan 5, Turkmenistan 0
STANDINGS: China 16 points; Tajikistan 13; Turkmenistan 6; Vietnam 0
China qualifies for second round.

GROUP 9

Iraq 6, Pakistan 1
STANDINGS: Kazakhstan 9 points; Iraq 4; Pakistan 0.

OCEANIA ZONE

GROUP 1

Solomon Islands 1, Tahiti 1
FINAL STANDINGS: Australia 12 points; Solomon Islands 4; Tahiti 1.

GROUP 2

Fiji 1, Papua New Guinea 0
FINAL STANDINGS: New Zealand points 9; Fiji 6; Papua New Guinea 3.
Australia meet New Zealand in Oceania playoff final in June and July.

COPA AMERICA

QUARTERFINALS

Peru 2, Argentina 1
Bolivia 2, Colombia 1

AFRICA NATIONS CUP

GROUP 1

Angola 1, Ghana 0
STANDINGS: Zimbabwe 4 points; Ghana 4; Angola 3.

GROUP 3

Morocco 1, Egypt 0

GROUP 4

Tanzania 1, Togo 0

GROUP 5

Kenya 0, Namibia 1

GROUP 6

Tanzania 1, Togo 0
Liberia 2, Republic of Congo 1

GROUP 7

Malawi 3, Mauritius 2
Mozambique 2, Zambia 2
STANDINGS: Malawi 9 points; Zambia 8; Mozambique 4; Mauritius 1.

SPANISH FIRST DIVISION

Real Betis 2, Valladolid 0
Espanyol 3, Valencia 2
Celta 4, Real Madrid 0
Deportivo de la Coruna 1, Extremadura 0
Hercules 3, Athletic de Bilbao 2
Rayo Vallecano 1, Barcelona 2
Oviedo 0, Sporting de Gijon 0
Racing de Santader 1, Sevilla 4
Real Sociedad 2, Logrones 1
Zaragoza 1, Compostela 3

DUTCH FIRST DIVISION PLAYOFFS

GROUP A

Emmen 4, RKC Waalwijk 5
Zwolle 1, ADO den Haag 1
FINAL STANDINGS: RKC Waalwijk 15 points; Zwolle 10; Emmen 7; Den Haag 2.

GROUP B

Cambuur Leeuwarden 0, NEC Nijmegen 4
Go Ahead Eagles Deventer 5, VVV Venlo 1
FINAL STANDINGS: NEC Nijmegen 15 points; Go Ahead Eagles Deventer 15; Cambuur Leeuwarden 6; VVV Venlo 0.
RKC Waalwijk and NEC Nijmegen will play in Dutch 1st division next season.

MAJOR LEAGUE SOCCER

Tampa Bay 3, San Jose 1
Columbus 2, New York-New Jersey 1
Kansas City 6, Washington D.C. 1
Colorado 2, Los Angeles 1
STANDINGS: Eastern Conference: D.C. 29 points; New England 21; Tampa Bay 19; Columbus 17; NY-NJ 13. Western Conference: Kansas City 23; Colorado 22; Dallas 18; San Jose 11; Los Angeles 10.

TENNIS

EASTBOURNE WOMEN'S GRASS COURT TOURNAMENT

IN EASTBOURNE, ENGLAND

QUARTERFINALS

Jana Novotna (2), Czech Republic, def. Ai Sugiyama, Japan, 6-2, 6-7 (8-6), 6-4
Natasha Zvereva, Belarus, def. Nathalie Tauziat, France, 6-4, 5-7, 6-4
Brenda Schultz-McCarthy (8), Netherlands, def. Monica Seles (1), U.S., 7-5, 7-5
Arantxa Sanchez-Vicario (4), Spain, def. Irina Spirlea (6), Romania, 6-4, 6-4.

SEMIFINALS

Sanchez-Vicario def. Schultz-McCarthy 7-5, 6-1.
Novotna def. Zvereva 6-7 (9-7), 6-0, 7-5

FINAL

Novotna led Sanchez-Vicario (4), 6-5.
Match was abandoned because of rain.

HEINEKEN TROPHY

IN ROSMALEN, NETHERLANDS

MEN'S SINGLES

SEMIFINALS

Richard Krajicek (3), Netherlands, def. Michael Chang (1), U.S., 7-6 (7-5), 6-3, 6-4.
Guillaume Raoux, France, def. Jonas Bjorkman (4), Sweden, 6-0, 6-1.

FINAL

Krajicek def. Raoux 6-4, 7-6 (9-7).

WOMEN'S SINGLES

SEMIFINALS

Miriam Oremans, Netherlands, def. Anke Huber (1), Germany, 4-6, 6-4, retired.
Ruxandra Dragomir (3), Romania, def. Asa Carlsson (8), Sweden, 6-4, 6-2.

FINAL

Dragomir def. Oremans 5-7, 6-3, 6-4.

NOTTINGHAM OPEN

IN NOTTINGHAM, ENGLAND

SEMIFINAL

Greg Rusedski, Britain, def. Sandon Stolle, Australia, 6-3, 6-4
Karol Kucera, Slovakia, def. Tim Henman (4), Britain, 6-4, 2-6, 6-4.

FINAL

Rusedski def. Kucera 6-4, 7-5

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

SEATTLE—Put 55 Alex Rodriguez on 15-day disabled list, retroactive to June 11. Recalled LHP Greg McCarthy from Tacoma, PCL.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

PHILADELPHIA—Acquired C-F Dino Radja from the Boston for C-F Michael Cage and F Clarence Weatherspoon.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

BUFFALO—Signed DE Marcellus Wiley.
DETROIT—Released CB Robert Bailey and S Harry Colon.
GREEN BAY—Signed QB Steve Bono. Re-signed FB Dorsey Levens.
INDIANAPOLIS—Signed DL Dan Footman.
NEW ENGLAND—Re-signed OL Max Lane, TE John Burke and WR Hason Graham.

HOCKEY

NATIONAL HOCKEY LEAGUE

CAROLINA—Traded 1997 1st-round draft pick to San Jose for 1997 2nd-round draft pick and 1998 conditional draft pick.
NEW YORK RANGERS—Acquired LW Mike Peluso from the St. Louis as compensation for the hiring of Larry Pleau as general manager.
TAMPA BAY—Traded LW Shawn Burr to San Jose for 1997 5th-round draft pick. Traded G Rick Tabaracci to Calgary for 1998 4th-round draft pick. Named Peter Mahovlich scout.

Golf

evian masters

4e Open de Golf Féminin

LIVE FROM THE EVIAN MASTERS

A fabulous play-off victory for Hiromi KOBAYASHI, with Alison NICHOLAS in second place ends two days of suspense during which the two champions alternately had the upper hand. Marie-Laure de LORENZI of France takes the third place on the podium.

After a gentle start to play, the English woman and her Japanese opponent launched seriously into battle on the seven hole with two birdies. Although Alison NICHOLAS was in the lead throughout this 4th round, Hiromi KOBAYASHI (aged 34), with her relentless counter-attacks, never gave her any respite. On the 18th hole, in a final assault, the Japanese woman signed a birdie, thus forcing the English woman into a play-off on hole n° 18 (par 5, 425 meters): Hiromi KOBAYASHI did not betray any nerves. With a great deal of panache, she signed an eagle and landed herself a superb victory.

This Japanese victory greatly illustrates how the Evian Masters, already at the top in Europe, has now reached an international dimension. A welcome sign for the future ambitions of the tournament's chairman Frank Riboud.

Final placings: 1 (-14) Hiromi Kobayashi, 2 (-14) Alison Nicholas, 3 (-8) Marie-Laure de Lorenzi, 4 (-6) Joanne Morley, 5 (-5) Carin Hj Koch, Shani Waugh, Amy Alcott, Charlotta Sorenstam.



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THIS WEEK ON EUROSPORT

Barcelona meet Betis Sevilla in the Spanish Cup Final; can they win their second major trophy of the year?

Football:
28 June, LIVE, The Spanish Cup Final
The Bernabeu hosts the clash between Barcelona and Betis Sevilla

Football:
23 - 29 June, LIVE, The FIFA under 20 World Championship
Brazil, England, Spain and France are among the 24 nations who qualified for the competition

Basketball:
25 - 29 June, LIVE, The Men's European Championship, Spain
The 30th European Championship bring together the cream of European Basketball

Athletics:
29 June, IAAF Grand Prix, Sheffield and Lille
All of Britain's top athletes will be in action in Sheffield while a top class field is also expected in Lille

Motorcycling:
26 - 28 June, LIVE, The Dutch Grand Prix
Michael Doohan will be aiming for his sixth win in seven races



Eurosport, the No 1 sports TV channel for Europe, covering the best action from Europe and around the world, is available via cable and satellite.

BASKETBALL Women's NBA Tips Off p. 22 **BASEBALL** Indians Top Yankees p.22 **RUGBY** Lions Maul Springboks p.23

Herald International Tribune
SPORTS

WORLD ROUNDUP



AFP

Ignacio Garrido teeing off Sunday in the German Open.

The Son Rises

GOLF After three second-place finishes in four years, Ignacio Garrido of Spain won his first tournament Sunday, finishing the Volvo German Open with a 13-under-par 271.

Garrido, the 25-year-old son of the former Ryder Cup player Antonio Garrido, finished the final round with a one-over-par 72.

Four shots behind was Russell Claydon of England, who hit a final-round 66 for a 275 total. Mark James shot a 72 and finished one behind at 276.

• Ernie Els, the U.S. Open champion, stood one round away from a second successive victory at the Buick Classic after his four-under-par 67 Saturday at Westchester Country Club. The South African had a three-day total of 199 and a three-stroke lead. *(Reuters)*

Australia Defies Rain

CRICKET Australian opening batsman Matthew Elliott hit a spectacular century Sunday as Australia kept up the pressure on England in the second test match at Lord's in London.

Although only 17.4 overs were possible on the fourth day following a series of torrential downpours, Elliott took his total from 55 to 112 while Australia advanced from 131 runs for two wickets to 213 for seven at the close. It leads England by 136 with one day's play remaining. Elliott hit 11 fours in 54 balls on Sunday. *(Reuters)*

Christie Ties, British Win

ATHLETICS Linford Christie's final race for the British team ended in a dead heat Sunday in the European Cup final in Munich. Christie and Greece's Georgios Panayiotopoulos crossed the finish line together in the 200 meters in 20.56 seconds.

Christie won the 100 Saturday and Britain won the men's competition at the event, which brings together Europe's top eight track nations in team competition. Russia took the women's team title.

Russia's Olga Kuzenkova shattered the women's hammer throw world record by more than 11 feet, with a heave of 73.10 meters (239 feet, 10 inches) to smash the 69.58 mark set in March by Romania's Melinte Mihaela. Mihaela also beat her old record Sunday.

Hurdler Akii-Bua Dies

Uganda's only Olympic gold medalist, John Akii-Bua, has died in a Kampala hospital.

Akii-Bua, a policeman, won the 400-meter hurdles at the 1972 Munich Olympics. He died on Friday, a week after he was admitted to hospital with abdominal pains. He was 49 and had been ill for some time, athletics officials said.

Akii-Bua is survived by a wife and 11 children. He came from a polygamous family, one of 50 children his father had by nine different mothers. *(Reuters)*

As Wimbledon Starts, After Sampras, Who?

American Seeks 10th Grand Slam

By Ian Thomsen
International Herald Tribune

WIMBLEDON, England — Pete Sampras is the only superpower among the 256 gentlemen and ladies entered at Wimbledon. No other man has secured more than one Grand Slam title in the last four and a half years; Sampras has won eight of them, and when the world's greatest tennis tournament opens Monday, the 25-year-old American will be favored to win his 10th Grand Slam title overall.

When was the last time the men's game had such a dominating player while the women did not? In the absence of Steffi Graf, who is injured and contemplating retirement, the impairment of Monica Seles, and the interim in which 16-year-old Martina Hingis must yet prove whether she is her tour's next great player, there is no woman who can equal the current run of Sampras. The only active woman with a history of success at Wimbledon is Conchita Martinez, the 1994 champion. She is seeded a lowly 10th this year.

The recent French Open champion, Iva Majoli, seeded No. 4, has never won a match on Wimbledon's grass courts — juniors, seniors, doubles or singles.

So it all comes down to No. 1 Sampras. Everyone else is a mystery, a sentimental favorite, an eccentric challenger. Even then, Sampras is not without his doubts. Since winning the U.S. and Australian Opens, he has suffered through minor injuries and stomach bugs and he has lost in recent weeks to players who should never have upset him. But then, Sampras lives the most boring life on tour imaginable, seemingly never leaving his hotel except to play matches, and watching bad European TV in between. Perhaps the boredom of his preparations has seeped into his game. If so, the muffled surroundings of Center Court should start him up again.

Can Sampras be guided through seven of the most dangerous, blasting rounds of tennis to win the silver trophy for the fourth time in five years? Here are the challengers in his path, like challengers waiting for him at each tier in a video game:

The Giants: Last year, the 6 foot 1 inch (1.85 meter) Sampras looked tiny and frail across from Richard Krajicek of the Netherlands, who is now the defending champion and seeded No. 4. Sampras will be able to avoid Krajicek, No. 2 Goran Ivanisevic of Croatia and No. 7 Mark Philippoussis of Australia until the final.

Every Goliath is flawed in some way. Krajicek gorged himself on Wimbledon last year and needed "about four, five months before I got the fighting spirit back."

Ivanisevic should have won a Grand Slam title by now, having reached two Wimbledon finals since 1992, but he is like one of those high-speed computer modems that fails to connect at the crucial moments.

Philippoussis is the favorite of many to scorch all that lays before him. He has been drawn in the first round against Greg Rusedski, the Canadian-turned-Briton, who serves almost as hard. For at least three abbreviated sets they will do nothing more elegant than slash away at each other's shields. At least then the tournament will be rid of one of them. When Philippoussis beat Ivanisevic recently in a grass-court final, the whole duel took less than an hour, and only five times were points extended beyond four shots.

The Old Germans: Michael Stich and No. 8 Boris Becker have won four Wimbledon singles titles between them. Stich, the 1991 champion, is about to retire because his serving shoulder has lost its swivel. He meets the 1993 finalist Jim Courier in the first round. Stich's elder rival, Becker, seems to have recovered from the wrist injury that knocked him out of last year's tournament. Becker hasn't won at Wimbledon since 1989 — he turns 30 in November — but he will be a dangerous match for Sampras should they meet as scheduled in the quarterfinals.

The Swedes: They don't complain, they don't serve especially hard, and Sampras hasn't been able to beat them lately. Magnus Norman knocked him out in the third round of the French Open, after a stomach bug had done the preliminary work, and Jonas Bjorkman beat Sampras in the quarterfinals at Queen's Club last week. Sampras will open against the unprepossessing world No. 54 Mikael Tillstrom of Sweden.

The Baseliners: Most of them aren't compatible with the squeaking Wimbledon lawns. Thomas Muster has refused his invitation for the third straight year. No. 11 Gustavo Kuerten, the recent French Open champion of Brazil, lost his first grass match in straight sets last week to Rusedski and said afterward, "I just did not know how to play."

The Russian: No. 3 Yevgeni Kafelnikov, the 1996 French Open champion, could be the biggest threat to Sampras — not just if they meet in the semifinal, but around the world over the next few years.

And last but not least, 23-year-old Tim Henman of Oxford, at No. 14 the first Briton to be seeded since Buster Mottram in 1983. The British haven't celebrated a men's singles champion for six decades. Henman, who has been struggling since undergoing elbow surgery this spring, will be under more pressure than Sampras.



Jana Novotna hitting a backhand Sunday to Arantxa Sanchez Vicario in a warm-up tournament for Wimbledon.

Rain Wreaks Havoc on Warm-Ups

Novotna and Sanchez Vicario Share Prize Money in Eastbourne

Compiled by Our Staff From Dispatches

On the eve of Wimbledon, rain wiped out the final of the women's grass court event in Eastbourne on Sunday.

Jana Novotna, the second seed in the traditional Wimbledon warm-up event, was leading the fourth-seeded Arantxa Sanchez Vicario, 6-5, in the first set, but trailing, 30-40, on the Spaniard's serve when play was abandoned because of rain.

Only 45 minutes of play had been possible between Sunday's showers before organizers decided to abandon the final altogether because of the start of Wimbledon on Monday.

The decision meant that Sanchez Vicario and Novotna shared £48,000 ($80,000) in prize money. It was the first time that the tournament had not been completed in its 19-year history.

Rain disrupted play all week, and although organizers put the tournament into an extra day Sunday, there was no relief from the weather.

Meanwhile, in Rosmalen, Netherlands, the defending Wimbledon champion Richard Krajicek edged out Guillaume Raoux of France, 6-4, 7-6 (9-7), Sunday in the final of the Heineken Trophy grass court tournament.

Earlier in the day, third-seeded Ruxandra Dragomir of Romania won the $27,000 first prize in the women's final, beating the unseeded Miriam Oremans of the Netherlands, 5-7, 6-2, 6-4. The match was suspended because of rain Saturday evening, and resumed with Dragomir, who is seeded No. 15 for Wimbledon, leading 3-1 in the final set.

Krajicek won a tight, service-dominated encounter on two backhand returns. The first converted a break point in the fifth game and the second came at 8-7 as Raoux served to save match point in the second-set tiebreaker.

Krajicek served three aces in his first-service game, and three games later seized the match's first and only break point to lead 3-2.

Raoux never threatened the Dutchman's service as the first set ebbed away, but he conceded just two points in his next eight service games to take the second set to a tiebreaker.

Krajicek's 14th ace set up a match point after the first 15 points of the tiebreaker went with serve. The Dutchman's dipping return forced Raoux to hit his shot into the net, ending the match after an hour and eight minutes.

Krajicek, who did not lose his service throughout the tourney, picked up $66,400 and passed Yevgeni Kafelnikov of Russia into fifth place in the ATP rankings. He also proved his fitness and form for his title defense at Wimbledon.

Rain forced the final of the Nottingham Open indoors on Saturday. Sheltered from the downpour, the Canadian-born Briton, Greg Rusedski, powered to an impressive 6-4, 7-5 final victory over Karol Kucera.

Torrential rain forced the organizers to take the semifinals and finals of the grass court tournament indoors for the second day in succession. As a consequence, 3,000 fans were again locked outside due to a lack of spectator access.

Another 100 fans watched from underneath umbrellas through the windows of the Nottingham Tennis Centre as Rusedski dispatched Sandon Stolle of Australia, 6-3, 6-4, in the first semi-final.

Kucera then beat Tim Henman, 6-4, 2-6, 6-4, to rule out the unprecedented event of two Britons contesting an ATP final. *(AP, Reuters, AFP)*

■ Former Champion Qualifies

A former Wimbledon champion, Pat Cash of Australia, fought his way through qualifying matches on Saturday to secure his place in this year's main draw, Reuters reported from London.

Cash, who beat Ivan Lendl in straight sets to win the 1987 title, defeated Oren Motevassel of Israel to earn a first-round encounter with Byron Black of Zimbabwe. Cash received a wild card into the qualifying tournament and won all three of his matches.

Vigo Thrashes Champion Real Madrid to Survive

Compiled by Our Staff From Dispatches

Bosnian striker Vladimir Gudelj scored a hat trick as Celta Vigo thrashed the newly crowned Spanish champion, Real Madrid, 4-0, on the last Sunday of the league season to stay in the First Division.

Rayo Vallecano of Madrid lost 2-1 at home to Barcelona and must win a playoff against Majorca to retain its place in the First Division.

Copa America. Page 23.

Extremadura will return to the Second Division after only one season following its 1-0 loss away to Deportivo La Coruna. The decisive goal was scored in the first minute by Aitor Berguiristain.

Ronaldo, who signed for Inter Milan on Friday and again did not play for Barcelona on Sunday, ended as the league's top scorer with 34 goals, nine ahead of Alfonso Perez of Real Betis.

WORLD CUP Striker Kazuyoshi Miura scored six goals Sunday as Japan thrashed Macau 10-0 in a World Cup Asian zone Group 4 first-round qualifier in Tokyo.

It left Japan with a maximum 12 points from four matches in which it has scored 27 goals and conceded none.

Oman, which trounced Nepal 6-0 earlier Sunday, is second with nine points from four games.

In Beijing, China beat Vietnam 4-0 Sunday to clinch first place in Asian Group 8. Tajikistan, which later overpowered Turkmenistan 5-0 in Dushanbe, finished second.

China becomes the seventh nation to qualify for the next round of Asian qualifying, joining Saudi Arabia, Iran, the United Arab Emirates, South Korea, Kuwait and Qatar. Three teams will qualify directly for the finals in France, and a fourth will go to a playoff with the winner of the Oceania region.

WORLD YOUTH CUP Adailton Martins scored six goals Sunday — the first four in eight minutes — as Brazil overwhelmed South Korea 10-3 in the world youth championship in Malaysia.

The victory in Kuala Lumpur meant Brazil won all three of its games in Group B. Afterward, Antonio Barraso, the Brazil coach, said he was unhappy that his team had conceded three goals.

Brazil's goals came from Fernandao Da Costa (19th and 41st minutes), Martins (30th, 32d, 35th, 38th, 62d, 68th), Vinicius Da Silva (66th), and Junior Junior (80th).

Brazil has a second-round match against Belgium, whose coach Ariel Jacobs said he was looking forward to the game, although it would be "a very difficult honor."

Belgium beat Malaysia 3-0 on Sunday to finish third in Group A behind Uruguay and Morocco, which drew 0-0.

France beat South Africa 4-2 to finish second to Brazil in Group B and advance to the second round. Ghana beat the United States 1-0 to win Group C, while Ireland drew 1-1 with China to finish second. The Americans must await the outcome of Monday's games to see whether they advance as one of the best third-place teams.

NETHERLANDS NEC Nijmegen held on to its First Division status Saturday by winning Group B of the division playoffs on goal difference.

NEC beat a Second Division team, Cambuur, 4-0 away in the last round of the round-robin tournament to finish level on points with Go Ahead Eagles Deventer, but with a superior goal difference. *(AP, Reuters, AFP)*

■ Dortmund Hires Nevio Scala

European Cup holder Borussia Dortmund said Sunday it had signed Nevio Scala as its coach after Perugia agreed to release him. Scala, 49, previously guided Parma from the Italian Second Division to the European elite. *(Reuters)*

Maradona Hires Ben Johnson

The Associated Press

TORONTO — Diego Maradona, the Argentine soccer star attempting a comeback, has hired the banned Canadian sprinter Ben Johnson as a $1,000-a-day trainer.

"I want to be the best in the world again," Maradona said after a two-hour workout in Toronto on Saturday. "Ben's the fastest man in the world, a powerhouse, an animal."

Johnson, 35, was stripped of his Olympic 100-meter gold medal in 1988 for drug use, and banned for life after he failed another drug test in 1993.

Maradona, 36, was suspended in 1991 after testing positive for cocaine. He was thrown out of the 1994 World Cup for using stimulants.

"The past is the past," Johnson said. "We're just trying to do the things we do best. The only parallel we see is two of the world's greatest athletes coming back."



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